

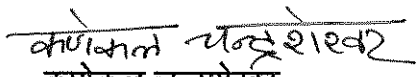
अनुदेश परिपत्र सं. 9976

दिनांक : 11 जून. 2014

प्रति : सभी शाखाएं/ कार्यालय

**ऋण संविभाग का प्रबंधन -  
शूक्ष्म एवं लघु उद्यम नीति 2014-15**

1. बैंक की शूक्ष्म एवं लघु उद्यम नीति पहली बार वर्ष 2009 में बनाई गई थी. तदुपरांत, इस नीति की समय-समय पर वार्षिक आधार पर समीक्षा की गई.
2. दिनांक 31.05.2014 को आयोजित मंडल की बैठक में शूक्ष्म एवं लघु उद्यम नीति 2014-15 को अनुमोदित किया गया है.
3. इस नीति की संरचना के मूल तत्वों को यथावत रखा गया है, जबकि वैधानिक, नियामक दिशानिर्देशों में परिवर्तनों एवं बदलते बाजार की परिस्थितियों को ध्यान में रखते हुए इसे अद्यतन किया गया है.
4. शूक्ष्म एवं लघु उद्यमों को प्रभावी तरीके से वित्तीय सुविधा प्रदान करने के उद्देश्य से शूक्ष्म एवं लघु उद्यम नीति 2014-15 में बैंक द्वारा आरम्भ किये गये विभिन्न पहलों को अनुलग्नक-I में शामिल किया गया है.
5. इस नीति में प्रस्तावित महत्वपूर्ण परिवर्तनों को अनुलग्नक-VIII में आपके सुलभ संदर्भ के लिए दिया गया है.
6. शाखाओं/कार्यालयों से निवेदन है कि उपर्युक्त बातों को ध्यानपूर्वक नोट करें तथा अनुपालन सुनिश्चित करें.

  
कणेकल चन्द्रशेखर  
महा प्रबंधक [सीपी एवं एमएसएमई]




INSTRUCTION CIRCULAR NO. 9976

11<sup>th</sup> June 2014

TO : ALL BRANCHES / OFFICES

**MANAGEMENT OF CREDIT PORTFOLIO**  
**MSE Policy 2014-15**

1. The maiden MSE Policy of the Bank was framed in the year 2009. Thereafter, the policy was reviewed from time to time on annual basis.
2. The MSE Policy for the year 2014-15 was approved by the Board in its meeting held on 31<sup>st</sup> May 2014.
3. The basic tenets of the policy framework have been kept intact, while updating the same in the light of changing statutory, regulatory guidelines and emerging market scenario.
4. The MSE Policy 2014-15 comprises of Bank's various initiatives in providing financial support to MSEs in an effective manner enclosed as Annexure-I.
5. The major changes proposed in the Policy are given in Annexure-VIII for ready reference.
6. Branches /offices are requested to take careful note of the above and ensure compliance.

  
(Kanekal Chandrasekhar)  
General Manager (CP&MSME)



## MSE POLICY 2014-15

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## MSE POLICY 2014-15

### 1. Introduction:

- 1.1 The role of Micro, Small and Medium Enterprises (MSMEs) in all type of economies is well recognized. The same is more prominent in case of developing and emerging economies where MSMEs are considered as growth engines. Worldwide MSMEs contribute significantly in employment generation, equal distribution of national income, optimum utilization of local resources, poverty alleviation, rural development as well as in mobilizing capital lying in the hands of private sector. MSMEs are integral part of the supply chain of large scale industries and provide vital forward and backward linkage to the overall industrial sector.
- 1.2 MSME is dynamic and vibrant sector that nurtures entrepreneurial talent besides meeting social objectives including that of providing employment to millions of people across the country. The sector contributes around 9% in national GDP, about 45% in manufacturing output and 40% in total export of the country. In 2011-12, there were about 31.02 million MSME units employing about 70 million persons in the country. These MSME units manufacture more than 8000 products ranging from traditional to high-tech items. In recent years the MSME sector has consistently registered higher growth rate compared to the overall growth of industrial sector. With its agility and dynamism, the sector has shown admirable innovativeness and adaptability to survive in the recent economic downturn and recession.
- 1.3 The Micro & Small Enterprise (MSE) is a major component of MSMEs in India. It comprises of the erstwhile Small Scale Industries and other small enterprises from service sector. The MSEs are instruments of inclusive growth which touch upon the lives of the most vulnerable, most marginalized and most skilled. Thus it is imperative to have a policy which aims at improving the credit flow particularly to MSE segment. This sector produces about 8000 products and offers the largest employment after agriculture. The sector therefore offers an opportunity to the country to harness local competitive advantages for achieving global dominance.
- 1.4 Though the MSE sector's performance is commendable, it faces a number of constraints. The major constraints faced by the MSE sector can be summarized as under:
  - MSEs in general and Micro Enterprises in particular have inadequate access to finance due to lack of financial information and non formal business practices.
  - MSEs in general, find it difficult to get timely credit.
  - Many a time, banks insist for collateral which MSEs lack.

- MSEs face fragmented markets in respect of their inputs as well as products and are vulnerable to market fluctuations.
- MSEs lack easy access to interstate and international markets.
- The access of MSEs to technology and product innovations is also limited. There is lack of awareness of global best practices.
- MSEs face considerable delays in the settlement of dues/payment of bills by the Large Corporates/Large Scale buyers.

## 2. MSE Policy: -

Bank has designed a separate document - MSE Policy - to have a standardized approach towards the MSEs and have a reference material to one and all dealing with MSE matters.

2.1 The MSE Policy is a formal policy document mentioning therein the bank's role & approach for meeting the need of the MSE clients. For operating guidelines, the bank has already come out with various instruction circulars indicating there in the policy guidelines, instructions etc. The policy document is only a broad framework and does not envisage to replace/substitute the Instruction Circulars issued from time to time.

## 2.2 Objectives:-

2.2.1 The MSE Policy is based on the following principles:

- The Policy aims at enlarging the MSE client base through aggressive credit marketing.
- The document addresses the credit needs of the existing MSE clients for speedier and prompt credit decision.
- The Policy describes the bank's approach towards credit appraisal skills and strategies on the one hand and flexibility and innovation on the other hand.
- The Policy document attempts to ensure that the socio-economic obligations cast on the bank are fully met.
- The Policy endeavors to ensure continuous growth of loan assets while keeping those assets performing and standard.
- The Policy aims at a comprehensive management information system based on a reliable data base and endeavors to mitigate and reduce risk associated with the lending by fine tuning systems and controls.
- The Policy document ensures compliance of all the directives, guidelines issued by government/Reserve Bank of India and other regulatory

authorities on MSE credit matters. The bank would follow the guidelines in all aspects issued from time to time by the authorities. In case of varying interpretations of these guidelines, the bank will adopt reasonable interpretation as determined by CP & MSME Dept. without deviating from the spirit behind the guidelines.

- One of the basic objective of issuing this policy is to create awareness among the branch level functionaries regarding needs of the sector and guidelines issued thereof.

## **2.3 Scope**

- 2.3.1 The Policy would deal all MSE credit related matters such as fund based, non fund based and other forms of credit dispensation of MSE credit.
- 2.3.2 Since other credit related areas have been dealt in detail by the Loan Policy, these aspects are not covered in the MSE Policy to avoid duplication. Hence, the MSE Policy should be read along with the Loan Policy.
- 2.3.3 The Policy will cover all types of MSE customers such as individuals, Proprietorship, Partnerships, Limited Liability Partnership, Association of persons, companies registered under Indian Companies Act, etc.
- 2.3.4 Any exception or deviation from the policies shall be referred to CP & MSME Dept., C.O. who shall in turn put up such matters to the Credit Approval committee (CAC) for approval.

## **2.4 Ownership**

- 2.4.1 CP & MSME Dept. shall frame, design/review/fine tune/modify all policies/procedures in relation to MSE credit in the Bank, with the approval of Board of Directors.

## **2.5 Compliance**

- 2.5.1 The Policy takes into account the fact that Bank has adopted the MSE Code designed by BCSBI in toto. As such, all the functional divisions are expected to comply with the MSE Code commitments adopted by our Bank.
- 2.5.2 Similarly, all the functional divisions are also expected to comply with the policy guidelines laid down in this Policy document. In case of any doubt about the applicability of any aspect of the policy contents, clarification/approval shall be sought from CP & MSME Dept., C.O.
- 2*



### 3. Micro, Small & Medium Enterprises Development (MSMED) Act, 2006

3.1 Govt. of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 on June 16, 2006 which was notified on October 2, 2006. With the enactment of MSMED Act, 2006, Services Sector is included in the definition of MSME apart from extending the scope to Medium Enterprises. Reserve Bank of India has notified the changes to all Scheduled Commercial Banks and the definition of MSME, as per the Act has been adopted vide RBI circular reference RPCD.PLNES.BC. No.63/06.02.31/2006-07 dated April 4, 2007.

3.1.1 Following significant changes have been introduced through MSMED Act, 2006.

- The word "Industry" has been replaced by "Enterprises".
- The word "Tiny" has been replaced by "Micro".
- The Services sector has been brought under the purview of MSMED Act, 2006.

#### 3.1.2 Definition of Micro, Small & Medium Enterprises

Segment	Enterprises engaged in the manufacture or production, processing or preservation of goods	Enterprises engaged in providing or rendering of services
Micro Enterprise	Is an enterprise where investment in plant & machinery does not exceed ₹ 25 lacs.	Is an enterprise where investment in equipment does not exceed ₹10 lacs.
Small Enterprise	Is an enterprise where investment in plant & machinery is more than ₹25 lacs but does not exceed ₹ 5 crores.	Is an enterprise where investment in equipment is more than ₹10 lacs but does not exceed ₹2 crores.
Medium Enterprise	Is an enterprise where investment in plant & machinery is more than ₹5 crores but does not exceed ₹10 crores.	Is an enterprise where investment in equipment is more than ₹2 crores but does not exceed ₹ 5 crores.

3.1.2.1 In case of manufacturing enterprises, investment in plant & machinery is the original cost excluding land & building and the items specified by the Ministry of Small Scale Industries vide its notification No.S.O.1722 (E) dated October 5, 2006. The cost of the following shall be excluded while calculating the investment in plant & machinery:

- Equipment such as tools, jigs, dyes, moulds and spare parts for maintenance and the cost of consumables stores;
- Installation of plant and machinery;
- Research and Development equipment and pollution controlled equipment

- iv. Power generation set and extra transformer installed by the enterprise as per regulations of the State Electricity Board;
- v. Bank charges and service charges paid to the National Small Industries Corporation or the State Small Industries Corporation;
- vi. Procurement or installation of cables, wiring, bus bars, electrical control panels (not mounded on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;
- vii. Gas producers plants;
- viii. Transportation charges ( excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of the manufacture to the site of the enterprise;
- ix. Charges paid for technical know-how for erection of plant and machinery;
- x. Such storage tanks which store raw material and finished produces and are not linked with the manufacturing process; and
- xi. Firefighting equipment.

3.1.2.1.1. While calculating the investment in plant and machinery referred in paragraph 3.1.2.1, the original price thereof, irrespective of whether the plant and machinery are new or second handed, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely;

- i. Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);
- ii. Shipping charges;
- iii. Customs clearance charges; and
- iv. Sales tax or value added tax.

The notification issued by Ministry of MSME is enclosed as Annexure IV.

3.1.2.2 In case of service enterprises, investment in equipment is the original cost excluding land & building and furniture, fittings & other items not directly related to the service rendered or as may be notified under MSMED Act, 2006.

Earlier "Retail Trade" was categorized as a separate category under Priority Sector. With effect from September 2009, the loans granted to Retail Traders form part of the MSE (Service) sector. (RBI Circular No. RBI/2009-10/164,

RPCD.CO.Plan.BC.24/04.09.01/2009-10 dt.18<sup>th</sup> Sep.2009. The sub-ceilings under Retail Trade were removed vide RPCD.SME&NFS.BC.No.9/03.02.31/2010-11 dated 1st July 2010 and referring to subsequent priority sector classification norms, Retail Trade with limits upto Rs.5 crores shall form a part of Service Enterprises, and shall be classified as Micro, Small or Medium as per their investment in equipment.

Certain activities have also been included under Micro & Small (Service) Enterprises, provided such enterprises satisfy the definition of MSEs (Service) in respect of investment in equipment (i.e., not exceeding Rs.10 lacs for Micro Enterprises and Rs.2 crores for Small Enterprises). Updated list of activities included in the Micro & Small Service enterprises is given below:

1. Small Road & Water Transport Operators;
2. Small Business
3. Professional & self-employed persons
4. All other Service Enterprises.
5. Publishing
6. Sanitation service (hiring of septic tank cleaner)
7. Clinical/pathological laboratory and scanning, MRI test.
8. Hospitals
9. Agri-clinic and agri-business
10. Restaurant with bar
11. Hotels
12. Motel industry
13. Consultancy services including management services
14. Renting of agricultural machinery (harvesting)
15. Composite broker services in risk and insurance management
16. Third Party Administration (TPA) services for Medical Insurance Claims of Policy Holders.
17. Seed Grading Services
18. Training-cum-Incubator Centres
19. Educational Institutions
20. Training Institutes
21. Practice of Law i.e. legal services
22. Trading in Medical Instruments (brand new)
23. Placement and Management Consultancy Services
24. Advertising Agency and Training Centers
25. Development of software and providing software services

Specific activities which can be considered as manufacturing:

1. Printing
2. "Printing & Publishing" as integrated unit.
3. Medical Equipment and Ayurvedic Products
4. Composite unit of Bacon Processing and Piggery Farm (Piggery Farm without Bacon Processing shall not be classified either as manufacturing or service enterprise because this is a farming activity)

5. Tobacco Processing
6. Beedi/Cigarette manufacturing and other tobacco products
7. Extraction of Agave Spirit from Agave Juice (imported medicinal plant) extraction of Agave
8. Manufacture of Bio-fertilizer
9. Separation of iron scrap from slag pots.
10. Generation of electricity through windmill.

3.2 Loans to Food & Agro based processing units with investment in Plant & Machinery up to ₹ 10 crore were earlier classified under Indirect Finance to Agriculture. Now, as per RBI Circular RBI/2012-13/138 RPCD.CO.Plan.BC 13/04.09.01/2012-13 dated 20.07.2012, these units be classified under MSME sector provided the units satisfy investment criteria prescribed for Micro and Small Enterprises as provided in MSMED Act, 2006.

Thus loans granted since 20.07.2012 to Food & Agro based processing units having investment in Plant & Machinery up to ₹ 10 crore will be classified under MSME as per their investment in Plant & Machinery. However, loans granted to Food & Agro based processing units having investment in Plant & Machinery up to ₹ 10 crore, prior to 20.07.2012 will continue to be classified under Indirect Agriculture till maturity or renewal of the facility.

3.3 Clubbing of investments of two or more enterprises under the same ownership for the purpose of classification of industrial undertakings as Micro & Small Enterprises as per the Gazette Notification No. S.O.2 (E) dated January 1, 1993 has now been rescinded vide GOI Notification No.S.O. 563 (E) dated February 27, 2009.

#### 4. MSE- Priority Sector Lending

4.1 As indicated in the Bank's Loan Policy, Priority Sector Lending shall continue to be a chosen area and Bank will endeavor to continue to exceed the overall share of 40% of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off Balance Sheet Exposure whichever is higher as at the end of the previous year.

4.2.1 Micro & Small Enterprises (Manufacturing Units) will continue to be a part of Priority Sector Lending.

4.2.2 Micro & Small Enterprises (Service Units): As per the extant guidelines of Reserve Bank of India, Micro & Small Enterprises engaged in providing or rendering of services having aggregate limit upto ₹ 5 Crore only will be eligible for classification under Priority Sector Advance. And all such Service units enjoying credit facilities above ₹ 5 Crore will be a part of MSE (Micro & Small Enterprises) but shall not qualify for Priority Sector classification.

4.3 All advances granted to units in the KVI sector, irrespective of their size of operations, location and amount of original investment in plant & machinery will be covered under Micro & Small Enterprises segment and will be covered under Priority Sector Advances.

- 4.4 RBI has advised the allocation of the share of Micro Enterprises in MSE lending which is as under:

Category	Investment in Plant & Machinery/ Equipment	% in Total MSE Advances
Micro (Mfg) Enterprises	Upto ₹ 10.00 lacs	40%
Micro (Services) Enterprises	Upto ₹ 4.00 lacs	
Micro (Mfg) Enterprises	Above ₹ 10.00 lacs Upto ₹ 25.00 lacs	20%
Micro (Services) Enterprises	Above ₹ 4.00 lacs Upto ₹ 10.00 lacs	
Small (Mfg) Enterprises	Above ₹ 25.00 lacs Upto ₹ 500.00 lacs	40%
Small (Services) Enterprises	Above ₹ 10.00 lacs Upto ₹ 200.00 lacs	

(RBI Circular No. RBI/2012-13/354 RPCD.MSME & FS.BC.No.54/06.02.31/2012- 13 dated 31.12.2012)

Thus, 60% of Advances to MSEs should go to Micro Enterprises

- 4.4.1 However, as per the recommendations of the Prime Minister's High Level Task Force on MSMEs, RBI has directed to increase the share of Micro Enterprises in MSE Lending in phases, and by FY 2012-13 it should be at least 60%. Bank shall endeavor to comply with the directives of RBI in letter and spirit.

- 4.5 Bank's lending to Medium Enterprises will not be included for the purpose of reckoning under Priority Sector.

## 5. Indirect Finance to MSE

- 5.1 The indirect finance to Micro & Small (manufacturing as well as service) Enterprises sector is also reckoned as Priority Sector advance and will include credit to:
- 5.2 Persons involved in assisting the decentralized sector in the supply of inputs and marketing of outputs of artisans, village and cottage industries.
- 5.3 Advances to cooperatives of producers in the decentralized sector viz. artisans village and cottage industries.
- 5.4 Bank credit to Micro Finance Institutions (NBFCs - MFIs) extended on, or after, April 1, 2011 for on-lending to individuals and also to members of SHGs / JLGs will be eligible for categorization as priority sector advance under respective

categories viz., agriculture, micro and small enterprise, and micro credit (for other purposes), as indirect finance, provided not less than 85% of total assets of MFI (other than cash, balances with banks and financial institutions, government securities and money market instruments) are in the nature of "qualifying assets". In addition, aggregate amount of loan, extended for income generating activity, is not less than 75% of the total loans given by MFIs.

A "qualifying asset" shall mean a loan disbursed by MFI, which satisfies the following criteria:

- i. The loan is to be extended to a borrower whose household annual income in rural areas does not exceed ₹ 60,000/- while for non-rural areas it should not exceed ₹ 1,20,000/-.
- ii. Loan does not exceed ₹ 35,000/- in the first cycle and ₹ 50,000/- in the subsequent cycles.
- iii. Total indebtedness of the borrower does not exceed ₹ 50,000/-.
- iv. Tenure of loan is not less than 24 months when loan amount exceeds ₹ 15,000/- with right to borrower of prepayment without penalty.
- v. The loan is without collateral.
- vi. Loan is repayable in weekly, fortnightly or monthly installments at the choice of the borrower.

Further, the bank have to ensure that MFIs comply with the following caps on margin and interest rate as also other 'pricing guidelines', to be eligible to classify these loans as priority sector loans:

- i. Margin cap at 12% for all MFIs. The interest cost is to be calculated on average fortnightly balances of outstanding borrowings and interest income is to be calculated on average fortnightly balances of outstanding loan portfolio of qualifying assets.
- ii. Interest cap on individual loans at 26% per annum for all MFIs to be calculated on a reducing balance basis.
- iii. Only three components are to be included in pricing of loans viz.,
  - a) A processing fee not exceeding 1% of the gross loan amount,
  - b) The interest charge and
  - c) The insurance premium.
- iv. The processing fee is not to be included in the margin cap or the interest cap of 26%.
- v. Only the actual cost of insurance i.e. actual cost of group insurance for life, health and livestock for borrower and spouse can be recovered; administrative charges maybe recovered as per IRDA guidelines.
- vi. There should not be any penalty for delayed payment.
- vii. No Security Deposit/ Margin are to be taken.

The banks should obtain from MFI, at the end of each quarter, a Chartered Accountant's Certificate stating, inter-alia, that

- i. 85% of total assets of the MFI are in the nature of "qualifying assets",
- ii. The aggregate amount of loan, extended for income generation activity, is not less than 75% of the total loans given by the MFIs, and
- iii. Pricing guidelines are followed.

5.5 Loans for construction and running of storage facilities (warehouse, market yards, godown and silos) including cold storage units designed to store agricultural produce/ products irrespective of their location, should be classified under indirect finance to agriculture. However, if the storage unit is a micro or Small Enterprises, such loans will be classified under loans to Micro & Small Enterprise sector.

5.6 Investments in Securitized Assets, outright purchases of any loan assets eligible to be categorized under priority sector and investments in Inter Bank Participation Certificates (IBPCs) on risk sharing basis shall be eligible for classification under respective categories of priority sector provided the underlying assets are eligible to be categorized under the respective categories of priority sector.

5.7 Scheme of Small Enterprises Financial Centres (SEFCs)

A scheme for strategic alliance between branches of banks and SIDBI located in clusters, named as "Small Enterprises Financial Centres" has been formulated in consultation with the Ministry of MSME and Banking Division, Ministry of Finance, Government of India, SIDBI, IBA and select banks and circulated to all scheduled commercial banks on May 20, 2005 for implementation. Our bank has executed MOU with SIDBI.

(Reference: IC 7170 Dated 18.06.2005)

6. Common guidelines/instructions issued by the Reserve Bank of India (RBI) for lending to MSME Sector and Bank's instructions for implementation of the guidelines:

	RBI Guidelines	Bank's Instructions
6.1	Disposal of applications - All loan applications for MSE units upto a credit limit of ₹ 25,000/- should be disposed of within two weeks and those above ₹ 25,000/- and upto ₹ 5 lacs within four weeks provided the loan applications are complete in all respects and accompanied by check list.	There should not be any delay in sanctioning and disbursal of credit. The time schedule for disposal of application should be adhered to. The instructions are reiterated vide IC 9158 dated 19.12.2011. The MSE proposals falling within the Branch Head delegation should be disposed of within 7 days. The proposals within the delegated authority of RO should be disposed of within 5 days on receipt of the same at RO (total 12 days) as per checklist in annexure III vide IC No.8002 dated 31 <sup>st</sup> May 2008. In

		case of rejection/curtailment of credit limit of the loan proposal a reference to higher authorities should be made.
6.2	<b>Collateral free loans -</b>  Following the recommendations of the working group on Credit Guarantee Scheme of CGTMSE, RBI has directed Banks. i) Not to accept collateral security in case of loans upto ₹ 10 lacs extended to units in the MSE Sector  ii) To encourage their branch level functionaries to avail of the CGS cover, including making performance in this regard a criterion in the evaluation of their field staff.	i) Branches have been instructed vide I.C.No. 8419 to cover all loans upto 25 lacs extended to MSE Units and are eligible for coverage under CGTMSE without any exception. Branches are also advised to provide collateral free credit limits upto ₹ 100 lacs under Credit Guarantee Scheme for MSEs subject to the satisfaction of borrower's track record and good & sound financial position. (Instruction Circular No. 8220 dt.20.01.2009 )  ii) Instructions have been issued for field functionaries (appraising and reviewing authority) to evaluate the performance under the parameter of coverage of accounts under CGTMSE. (Circular letter No.HRD:MG:397/11 dated 28.03.2011).
6.3	<b>Composite Loan</b>  A composite loan of ₹ 1 crore can be sanctioned by Banks to MSE entrepreneurs to avail of their working capital and term loan requirement through Single Window.	Branches can sanction composite loan i.e. working capital and term loan to the MSE borrowers based on the track record and financials of the borrower. Instructions in this regard have been issued vide IC 8614 dated 06.04.2010.
6.4	<b>Specialised MSME Branches</b>  Banks have been advised to open at least one specialized branch in each district for providing better service to the MSME Sector. These MSME branches will ensure that the entrepreneurs have easy access to the bank credit and will have	Bank has identified credit focused branches known as Business Banking Branches (BBBs). Presently, there are 700 BBBs with special focus on extending finance and other services to MSME Sector and have the operational flexibility to extend finance/render other services to



	<p>the bank personnel with requisite expertise. The existing specialized MSE branches may also be redesignated as MSME branches.</p>	<p>other sectors/ borrowers. These BBBs have been provided with SME officers (specially recruited for improving MSME finance) / or specially trained credit officers in order to provide prompt service to the MSME clients.</p>
6.5	<p><b>Rehabilitation of Sick MSE Units</b></p> <p>The extant guidelines issued by RBI vide circular no. RBI/2012-13/273 RPCD.CO.MSME &amp; NFS.BC.40/06.02.31/2012-2013 dated 01.11.2012 for Rehabilitation of Sick MSEs are as under:</p> <ol style="list-style-type: none"> <li>1. Handholding Stage: During this stage proactive &amp; adequate assistance to MSEs be extended.</li> <li>2. Definition of Sickness: A MSE unit may be said to have become sick, if             <ol style="list-style-type: none"> <li>(a) Any of the borrowal account of the enterprise remains NPA for 3 months or more</li> <li>or</li> <li>(b) There is erosion in the networth due to accumulated losses to the extent of 50% of its networth during the previous accounting year.</li> </ol> </li> <li>3. Viability-Decision on viability of the unit should be taken at the earliest but not later than 3 months of becoming sick.</li> </ol> <p>Following Procedure should be adopted by the banks before declaring any unit as unviable:</p> <ol style="list-style-type: none"> <li>(a) Viability Study should be under taken. For Micro (Mfg.) units having investment in P &amp; M upto ₹ 10.00 Lacs &amp; micro (Service) units having investment in equipment up to</li> </ol>	<p>Bank has a Policy in place on Debt Restructuring Mechanism for SMEs circulated vide IC 9284 dated 16.05.2012.</p> <p>Updated guidelines in this regard have been issued vide IC 9515 dated 01.03.2013.</p> <p>Relief and concessions which can be extended to potentially viable sick MSE units are given in Annexure VII of this Policy.</p> <p>MSE Rehabilitation Cells have been established at Regional Offices for sick Micro and Small Enterprises (IC no.9839 dated 25.02.2014) for monitoring / identification of sick units / incipient sickness, conducting viability study, etc.</p>

₹ 4.00 Lacs, the Branch Manager may take a decision on viability and record the same along with justification.

(b) Based on viability study, if unit is found unviable, next higher/present sanctioning authority shall have to give an opportunity to the unit to present its case before next higher authority before approving the unit as unviable.

(c) In case sick unit is declared unviable having credit facilities of ₹1.00 Crore and above a committee approach be adopted while taking decision on rehabilitation.

(d) Decision of the higher authorities regarding rehabilitation of the unit should be informed to the promoters in writing.

The above process should be completed within 3 months.

#### 4. Relief & Concession for Rehabilitation of Potentially Viable Units.

Banks may decide on reliefs and concessions for rehabilitation of viable/potentially viable units based on their own Board approved Policies.

5. One Time Settlement: The banks are to put in place a non-discretionary one time settlement for recovery of non-performing loans for MSE sector, duly approved by the Board of Directors.

6. Delegation of Powers: Banks may delegate sufficient

	powers to senior officers at various levels to sanction the rehabilitation package.	
6.6	<b>Delayed Payment</b>  A sub-limit within the overall working capital limits to the large borrowers should be fixed specially for meeting the payment obligation in respect of purchases from MSMEs.	Guidelines are in place to ensure that our corporate borrowers procure their domestic credit purchases from MSE units (now MSE) at least to the extent of 25% by way of bills drawn on and accepted by them. (Circular letter no.2435 dated 3 August 1998).
6.7	<b>Debt Restructuring Mechanism for MSMEs</b> RBI has issued the guidelines vide its circular DBOD.BP.BC. No.34/21.04.132/2005-06 dated September 8, 2005 to ensure restructuring of debt of all eligible Small & Medium Enterprises. Further, prudential guidelines on MSME Debt Restructuring were formulated and advised by RBI vide circular DBOD No.BP.BC. No.37/21.04.132/2008-09 dated August 27, 2008.	Policy for Debt Restructuring Mechanism for MSME is in place (IC No.9284 dated 16.05.2012).
6.8	<b>Credit Linked Capital Subsidy Scheme (CLCSS)</b> for technological up gradation of Micro & Small Enterprises -  The scheme is available for the eligible borrowers subject to the following major terms & conditions:  (i)Ceiling on the loan under the scheme is Rs.1 crore.  (ii)The rate of subsidy is 15% for all units of Micro & Small Enterprises upto loan ceiling of Rs.1 crore etc.	Bank has been implementing the scheme with its Lucknow Main branch as a nodal branch. The details of the scheme are circulated vide various Instruction & Information circulars. The latest in the series is Instruction Circular No.8744 dated 21.08.2010.

7.2 The complete text of the Code is available at the Bank's website ([www.unionbankofindia.co.in](http://www.unionbankofindia.co.in)).

7.3 Bank has issued operational guidelines for the field functionaries for compliance of the MSE code. The said guidelines have been circulated vide Instruction Circular No.8190 dated 18.12.2008 and subsequent communications.

**8. Bank's initiatives for stepping up credit to MSMEs:**

8.1 Bank has taken various initiatives for the credit growth to MSEs which are as under:

**8.2 Separate Organizational set up at Central Office:**

Credit Policy & MSME vertical headed by General Manager has been established at Corporate Office to focus attention on growth of MSE sector through selected Business Banking Branches.

(Ref. IC 8002 dated v31.05.2008)

**8.3 Business Banking Branches:-**

700 Business Banking Branches (credit thrust branches) have been identified for focused growth in MSE credit as per Annexure VI. These branches are directly monitored by the Corporate Office apart from their controlling Offices for the growth of business.

(Ref. Information Circular 11906 dated 25.10.2013)

**8.4 Establishment of Centralized Processing Centers- SARALs-**

These are the Centralized Processing Centers, attached to Regional Offices, for meeting the following objectives:

- Better credit appraisal for examining and processing MSME proposals.
- To accelerate the credit flow to MSMEs through focused sales and marketing.
- To enhance customer service through quick Turn Around Time.
- To reduce NPAs through efficient monitoring system.
- To lower cost and build expertise.

In order to achieve the above-mentioned goals, the roles and responsibilities of the Sarals are reviewed & redefined by Credit Department from time to time, as and when required.

Sarals functioning at different potential centers throughout the Country may be increased depending upon potential of centers. The endeavor is to have Sarals at all ROs over a period.

Detailed guidelines on SARALs have been issued vide IC No.8386 dated 29.07.2009 and IC No.8922 dated 28.03.2011.

## 8.5 Remodeled SARAL

The concept of Remodeled SARALs has been withdrawn and revised guidelines for revamping of SARALs / remodeled SARALs are issued vide IC no.9933 dated 02.05.2014.

## 8.6 Revamping of SARALs:

Bank has critically reviewed the functioning and efficacy of existing SARALs / Remodeled SARALs and has compared the existing structure of SARALs with the best practices prevailing in the industry. Accordingly, following broad measures are adopted to streamline the functioning of these SARALs. However, detailed guidelines are issued vide IC no.9933 dated 02.05.2014.

Sr No	Particulars	Modified Structure for “SARAL”				
1.	Name of the (CPC)	SARAL				
2.	Structure of CPC	Central Processing Cell (SARAL) to work independently, completely delinked from RO Credit Dept. - shall be headed by an AGM, with sufficient credit processing skills. SARAL shall be located in separate premises, preferably close to the Regional Office.				
3.	Scope of CPC	All New/ Enhancement SME proposals and other advances (excl. Agri, Retail, SOD(FDR)/Staff). <b>Modification under ROI, Margin, etc:</b> For proposals that were routed through the SARAL, such proposals shall be processed at SARAL for modification requests like ROI, Margin, etc. For proposals sanctioned at the branch or at the RO, any modification request, pertaining to such proposals shall be sent to the RO. Minimum Threshold shall be fixed as given below: <table><tr><th>Type of Proposal</th><th>ALL SARALs</th></tr><tr><td>New / Enhancement/ Modification Proposals</td><td>Proposals with limits of Rs.100 lacs &amp; above.</td></tr></table>	Type of Proposal	ALL SARALs	New / Enhancement/ Modification Proposals	Proposals with limits of Rs.100 lacs & above.
Type of Proposal	ALL SARALs					
New / Enhancement/ Modification Proposals	Proposals with limits of Rs.100 lacs & above.					
4.	Basic Functions of the SARAL	<ul style="list-style-type: none"><li>- Processing of all New &amp; Enhancement of SME and other Proposals with limits of Rs.100 lacs and above.</li><li>- Collection of any further documents as required.</li><li>- Processing &amp; Sanctioning of proposals upto the delegated authority of the SARAL Head (AGM) without routing it through the Regional Office level committees. This is to ensure faster disposal of proposals.</li><li>- If the proposal falls beyond SARAL Head's delegation, the proposal shall be processed by SARAL and thereafter submitted to respective delegated authority (RLCC/ZLCC/CO) for sanction. No further processing at RO level to be done.</li><li>- If the proposal falls within the delegation of ZLCC, the same shall be forwarded directly to FGMO for decision with a copy to Regional Office.</li><li>- If the proposal falls within the delegation of CO, the same shall be forwarded directly to CO for decision with a copy to FGMO/RO.</li></ul>				

		<ul style="list-style-type: none"> <li>- In such cases, RO/FGMO is required to submit their comments to the sanctioning authority within 3 days. If the same is not received within 3 days, it will be deemed that they concur with the recommendations of SARAL.</li> <li>- Proposals above Rs.100 lacs and upto the delegation of the SARAL Head shall be placed in the credit approval grids at Regional Office for their observation.</li> <li>- All modification proposals with limits of Rs.100 lacs and above shall be routed through SARAL.</li> <li>- Issue of sanction advice to the branch for all proposals sanctioned at SARAL and above.</li> <li>- SARAL shall be delinked from the Regional Office Credit Dept.</li> <li>- The SARAL Head shall report to the respective Regional Head.</li> <li>- Credit Dept at RO shall process New/Enhancement proposals below Rs.100 lacs (if such proposals are above the delegation of the Branch Head), Renewal of Proposals at existing Limits (above BM delegation), and other reporting purposes. (They shall further process all Retail, Agri, Staff, SOD-FDR Proposals and Renewal of existing limits proposals).</li> </ul>
5.	Delegation of CPC Head	<ul style="list-style-type: none"> <li>- No higher delegation for SARAL Head, other than his individual delegation as per scale.</li> </ul>
6.	Marketing aspects	<ul style="list-style-type: none"> <li>- All Branch Heads are responsible for lead generation.</li> <li>- Each SARAL shall be provided with one marketing officer for generating suitable leads (in addition to the Branch Leads) and helping branches in their SME/Other advance marketing activities.</li> <li>- Leads generated by the SARAL staff shall be passed on to the branch nearest to the customer location who shall carry out the due-diligence.</li> <li>- SARAL Head to guide the marketing officer about his / her Job Profile and how to go ahead in respect of marketing of credit proposal.</li> </ul>
7.	Other Aspects	<ul style="list-style-type: none"> <li>• Documentation, creation of mortgages/charges, other credit administration functions, and compliance of all terms of sanction shall be the function of branches.</li> <li>• Due Diligence activities includes compilation of credit report, existing bankers credit report and sister concern bankers credit report (To be done by the respective Branches).</li> <li>• SARAL shall utilize the services of Technical Officer who is stationed at their respective Regional Office.</li> <li>• SARAL shall stipulate Terms &amp; Conditions after thorough discussion with the customer. It should also be ensured that, as far as possible, non-compliable Terms &amp; Conditions are avoided by the sanctioning authority.</li> <li>• <b>Proposed Target:</b> Atleast 75% utilization of New/ Enhanced Limits processed by them (Sanctioned by SARAL head or any higher office) shall be ensured by SARAL.</li> </ul>

#### 8.7 Developing Credit Officers Cadre:-

Learning and developing the appraisal skill has always remained the area of paramount importance in the SME field. SMEs are generally first generation entrepreneurs with high knowledge base. It is, therefore, necessary to have the necessary interactive skill while dealing with them. Bank has decided to develop cadre of credit officers in order to meet the challenges at the branch level and accordingly, decided to build a strong cadre of credit officers. Staff College, Bangalore has designed training programmes for imparting credit skills, and updating the skills of the existing credit officers.

- 8.7.1 Bank has taken a conscious decision to form a cadre of skilled credit officers for better credit marketing and appraisal of the proposals. Credit Officers are identified and are given intensive in-house, on the job and external training, etc. These credit officers are deployed at the Business Banking Branches/ SARALs involving the job of credit marketing and processing of the proposals. Moreover, the bank is recruiting in a regular way experienced MSME credit officers to further strengthen the cadre of credit officers.
- 8.7.2 In addition to this, Bank is also nominating the credit officers to the external credit programmes/workshops such as workshop on Credit Guarantee Scheme of CGTMSE, credit appraisal courses conducted by NIBM etc. The skill development of the credit officers has been advantageous for quick disposal of loan proposals and prompts credit delivery.
- 8.7.3 Bank has come out with an incentive scheme for the officers who are successfully completing the certificate examination on SME financing conducted by Indian Institute of Banking & Finance.
- 8.7.4 In order to ensure that a cadre of trained credit officers is developed over a period of time, transfer / postings of credit officers, either recruited as SME officer or presently working in credit deptt. of branch/office shall be done only with the concurrence of GM, CP & MSME.
- 8.7.5 Similarly transfer/ postings of Technical Officers shall be done only with the concurrence of GM, CP & MSME.
- 8.8 **Cluster specific Schemes** are designed offering concessions in interest rates, Collateral securities etc. The detail of the schemes/products is available on the Bank's Web site.
- 8.9 Bank has designated all its regional offices as **MSE care centers**. Their Details such as name & address of the office, contact person, phone numbers etc. have been made available on the Bank's Web site.
- 8.10 Bank has adopted **MSE code**, formulated by BCSBI, formally for implementation. MSE code copies are circulated amongst all the branches for distribution to the MSE customers free of charge. The code is also available on the UBI website under MSME portal as MSE Code.

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8.11 Bank, in partnership with SIDBI, has set up a **Management & Skill Development Institute at Jangipur**, Dist. Murshidabad, West Bengal on 31-01-2010. This institute is aimed at providing training to the rural unemployed youth to enable them to take up suitable economic activities. The successful participants of the training course are also being provided with financial assistance through the Bank's branches.

**8.12 Simplified Common Loan Application Form for MSEs:**

Indian Banks' Association (IBA) with the assistance of Bankers' Working Group on MSME has designed a Simplified Common Loan Application Form for MSEs to be used by the Bank. Bank has adopted the same and circulated among all the branches for use. A copy of the same is also available on Bank's website. All branches have been advised to use invariably simplified common loan application forms.

**8.13 Online Application Facility for MSE Applicants**

Bank has introduced the online application module for MSE entrepreneurs. Now the MSE applicants have facility to apply online for a loan and can track online the status of his application at any point of time.

Under the module, the entire application for MSE is available online to the applicant. Applicant may choose his preferred branch and shall fill up the entire application form. A unique reference number will be generated by the system through which applicant can track the status of his application. Online acknowledgement will also be generated.

Initially this facility has been enabled for MSE loans applications having credit requirement up to Rs.10.00 Lacs only.

**9. Assessment of Credit Limits:-**

The applicable lending methods and other related matters for assessment of credit limits have been discussed in detail in the Bank's Loan Policy. Hence, they are not being repeated and can be referred to Policy in case of need. The RBI guidelines about assessment of credit limits through turnover method are as under:

**9.1 Assessment of Working Capital Requirements:-**

The Working Capital Requirements of the MSEs in manufacturing sector would be computed on the basis of minimum 20% of their projected annual turnover whose credit limit in individual cases is up to ₹ Rs.500 lacs.

As regards to the MSEs in Service sector, the working capital requirement would be computed on the basis of minimum 20% of their projected annual turnover whose credit limit in individual cases is up to ₹100 lacs.

For higher limits, the applicable lending methods such as Flexible Bank Finance, Cash Budget Method, Net Owned Funds Method etc. are to be followed.

**9.2 Assessment of Term Loan Requirements:-**

Term Loan assessment should be done as per the regular norms/guidelines prescribed by the bank depending upon the project cost, projected cash flow etc.



### 9.3 Off Balance Sheet Exposures:-

The facilities like Letters of Credit, Bank Guarantee etc. can also be considered to the MSE borrowers as per the existing guidelines of the bank.

### 9.4 Loans under TUF Scheme:-

The scheme for the textiles and jute industries under TUFs (Restructured Technology Upgradation Fund Scheme of Ministry of Textiles, Govt. of India) was in operation with effect from 28.04.2011 to 31.03.2012. The salient features of the scheme are circulated vide our IC No. 8947 dated 30.04.2011. The Government has approved extension of TUFs scheme for the 12<sup>th</sup> Plan period under the name - Revised Restructured - TUFs (RR-TUFs) and guidelines are circulated vide IC no.9749 dated 26.11.2013.

## 10. Risk Rating & Pricing

### 10.1 Risk Rating

Comprehensive Risk rating models are developed by the Bank, based on which the following risk ratings are assigned to the borrowers:

Rating	Risk Nomenclature
CR1	Lowest Risk
CR2	Minimal Risk
CR3	Moderate Risk
CR4	Satisfactory Risk
CR5	Acceptable Risk
CR6	Watch List
CR7	Risk Prone
CR8	High Risk
CR9	Substandard
CR10	Doubtful
CR11	Loss

Besides internally developed rating models, Bank has implemented CRISIL RAM Asset Class wise rating models for decision making and pricing as well. Accordingly, it has been decided that:

- 10.1.1 UBI models will be used for doing the credit rating in respect of borrowers with aggregate exposure (FB limits + NFB limits) upto Rs.5.00 crores
- 10.1.2 For borrowers with aggregate exposures (FB limits + NFB limits) above Rs.5.00 crores and in case of NBFCs, Banks, Commercial Real Estate and Capital markets exposures, irrespective of the exposure and exposure to SMEs with turnover of Rs.25 crores and above, the CRISIL RAM rating models will be used.

Rating will be primarily used for the purpose of individual credit decision, pricing & deciding the sanction terms that can be offered on a credit facility,

surveillance, monitoring & internal MIS; portfolio analysis, assessing the aggregate risk profile of the bank etc.

The investment grade for all the new proposals are from CR-1 to CR-5. Rating CR-6, CR-7 and CR-8 will be treated as Non Investment grade and the Bank shall not take a new exposure in this category. However, the hurdle rate for take over accounts shall be CR-4. The hurdle rate for borrowers under CRISIL RAM rating models will be UBI-5 for new borrowers and UBI-4 for take over accounts. The pricing will also be as per the above rating grades as per extant instruction circulars on interest rates.

## 10.2 Pricing:

In respect of credit facilities where the rates of interest are governed by RBI, the Bank shall stipulate appropriate rate of interest in line with the instructions received from the Central Bank. But in respect of credit facilities where Bank has freedom to fix lending rates, the Bank shall generally adopt risk based pricing.

In case of MSE advances of ₹ 25 lacs and above the pricing, other than fixed interest bearing loans, is done on the basis of credit rating of the borrower. As per the RBI guideline, the Bank has switched over to the Base Rate System replacing the existing Bench Mark Prime Lending Rate with effect from 1st July, 2010.

## 11. Portfolio Monitoring:

A separate Credit Monitoring Department covering all verticals has been set up at Central office. The details of roles & responsibilities and functioning of the department are brought out in the Credit Monitoring Policy.

## 12. MSME Vertical -Role and Objectives

12.1 Bank has adopted a policy package for stepping up credit to MSEs which was approved by the Board in its meeting held on 30<sup>th</sup> September 2005 and MSE Cell was established at Credit Department Central Office. Subsequently it was decided to establish an exclusive MSME department to have a focused attention to the MSME business. Accordingly, at the beginning of the Financial Year 2008-09 MSME vertical has been established at Central Office headed by General Manager which has been renamed as Central Credit & MSME (now renamed as Credit Policy and MSME Dept.) with focused attention on MSME. Following are the Roles and Objectives of the vertical:-

12.1.1 To keep a track of Govt. Guidelines/RBI Guidelines, market requirements and accordingly to formulate Bank's policy on MSE in line with laid down guidelines and to modify the policy from time to time.

12.1.2 To design lending schemes for segment specific/cluster-specific MSEs from time to time to drive business growth.

12.1.3 To put in place marketing strategies and marketing teams at Regional Offices/Branches for aggressive marketing to tap the market potentials for lending to MSEs.

- 12.1.4 To identify broad inputs for the training courses to be conducted for skill development of the field functionaries for quality appraisal and marketing of credit proposals.
- 12.1.5 Identification of MSE clusters with a view to market our products/schemes, in consultation with SIDBI / Govt. of India.
- 12.1.6 To fix business growth targets for MSE lending for respective Regional Offices in consultation with ROs/FGMOs and periodical review of actual achievement vis-à-vis targets.
- 12.1.7 Identification of credit thrust branches having the maximum MSE finance/potential for MSE business and monitor these branches directly to have a focused and maximum MSE business growth.
- 12.1.8 To extend support to the field functionaries for achieving business targets under MSE by giving marketing strategies and visit of executives from Central Office to the controlling offices for liaising with other Financial Institutions, Industry and Traders Associations.
- 12.1.9 MSME Vertical is also overseeing the growth of MSE business of the Bank as a whole apart from the credit thrust branches.
- 12.1.10 Apart from this, CP & MSME Vertical will be responsible for the following financial and non-financial KRAs:
- i. **Financial KRAs**
    - Growth in MSME Credit
    - Yield on MSME Credit Portfolio
    - Incremental Business/revenue from special cluster schemes.
    - Delinquency Rates.
    - Bank is in the process of strengthening existing system of monitoring credit growth to MSE sector by putting in place a system driven comprehensive performance MIS at every supervisory level (Branch, Region, FGMO, C.O) ,which will be critically evaluated on a regular basis.
  - ii. **Non Financial KRAs**
    - Establishment of SARALs where business opportunities exist - A complete Business Model having adequate Manpower with assured Turn Around Time for quick disposal of MSME proposals.
    - Ongoing identification and review of "Business Banking Branches"
    - Holding of monthly MSME camps at various potential Centers/Clusters.
    - Launch of Cluster Specific Schemes.
    - Aggressive MSME Publicity Campaign and Brand Building Initiatives.
    - Building of MSME cadre, a silo of specialized officers who will have expertise in Credit Appraisal/Processing of MSE proposals, Marketing and Monitoring.
    - Comprehensiveness, accuracy and timeliness of policy documents/ database.
    - Returns to RBI and Ministries.

- Business planning & periodic reviews.

### 13. MSME Products:

The credit requirements of MSMEs vary according to place, cluster, activity etc. In this age of fast changing technology and competition, MSMEs require hassle free credit facilities for updation of technologies, acquisition of machineries, tide over the liquidity crunch etc. Bank has, therefore, designed various MSME products looking into the requirements of the borrowers.

The brief particulars of the some major products are reproduced in the Annexure V.

### 14. Cluster Development:

As per Ganguly Committee recommendations, banks have been advised that a full service approach to cater to the diversified needs of the MSE Sector may be achieved through extending banking services to recognize MSE clusters by adopting a 4-C approach viz. Customer Focus, Cost Control, Cross Sales and Contain Risk. A cluster-based approach to lending may be more beneficial:

- In dealing with well-defined and recognized groups.
- Availability of appropriate information for risk assessment and
- Monitoring by the Lending Institutions.

Bank has taken various initiatives for financing the units in clusters across the country through its branches. Bank has designed different cluster specific schemes taking into account the market environment, customers' requirements etc.

These existing cluster specific products are suitably modified from time to time to make them more attractive and competitive taking into account, customers' requirement and feedback from the field functionaries.

The Bank has put in place at various centers to address the business specific requirement of homogeneous borrowers. The bank shall continue to review performance of each cluster on an ongoing basis. New clusters shall be identified if need be so as to deepen the credit delivery system.

List of approved Cluster Schemes are as per Annexure II.

### 15. MOU with SIDBI:

SIDBI is the premier term lending institution established for extending the financial assistance to MSEs. It has developed expertise and gained vast experience in project financing. The Bank has entered into an MOU with SIDBI for aggressive marketing and co-financing of MSEs. The salient features of the MOU are as under:

- Joint identification of viable projects
- Co-financing of the projects
- In cases where term loan is considered by SIDBI, working capital facilities would be sanctioned by the Bank and vice versa.

#### 16. MOU with External Credit Rating Agencies -

- 16.1 The external crediting rating enables the MSMEs to compete with the market players on global level. Similarly, it also helps banks to evaluate MSME's credit proposals in a better way. However, MSMEs in general are not very keen to get their units/accounts rated from the external credit rating agencies. In order to motivate the MSMEs, National Small Industries Corporation (NSIC) is providing subsidy towards the payment of fees of the external credit rating agencies. With a view to motivate MSE customers, bank provides incentive by way of concession in interest rate in case the unit is rated by an approved rating agency.

Rating	Concession
Highest Rating	0.50% pa
2 <sup>nd</sup> Highest Rating	0.25% pa

Bank has approved and executed MOUs with SME rating Agency SMERA, CRISIL, CARE, ICRA and ONICRA for external credit rating of the SMEs.

#### 17. Channel Financing initiatives

Under channel financing Scheme, finance is extended to select suppliers and wholesale dealers of Bank's identified large corporate borrowers. Under the Scheme bank has two Schemes:

- 17.1 **Union Procure** - Financing Pre-Production i.e. financing against receivables of vendors for goods supplied to reputed corporates.
- 17.2 **Union Supply** - Financing Post-Production i.e. Dealer Financing- Supplies made by corporate to its authorized dealers.
- 17.3 Bank has also entered into Tie up agreement with International Tractors Ltd. (ITL) for financing to their dealers under Channel Finance. The scheme is operational upto 24.01.2015. (Ref. IC 9499 dated 09.02.2013)

#### 18. Collateral Free Loan and Credit Guarantee Scheme of Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE):

Credit Guarantee Scheme of Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE) was established in August, 2000 and promoted by Government of India and SIDBI with an objective of providing the guarantee cover to the collateral free loans extended to Micro & Small Enterprises under its scheme known as Credit Guarantee Scheme.

- 18.1 The main features of the Credit Guarantee Scheme are as under:

- 18.1.1 Loans extended to MSEs (as per MSMED Act, 2006) which are collateral free and without any third party personal guarantees are eligible (Loans to Retail Traders are not eligible). Instructions are in place for Branches not to accept any collateral in case of loans upto ₹10 lacs extended to MSE.
- 18.1.2 Branches have been advised that they should cover all loans upto ₹ 25 lacs extended to Micro & Small Enterprises and are eligible for coverage under guarantee scheme of CGTMSE without any exception. If at all there is any exception, they should be only with the prior permission of their Regional Head. (Ref. IC 8419 dated 01.09.2009)
- 18.1.3 Branches can also provide collateral free credit limits upto Rs.100 lacs under Credit Guarantee Scheme for MSEs subject to the satisfaction of borrower's track record and good & sound financial position. (Instruction Circular No. 8220 dt.20.01.2009)
- 18.1.4 Credit facility of above Rs.100.00 lacs can also be covered, but guarantee coverage will be for Rs.100.00 lacs (50% of the amount in default subject to maximum of Rs.50.00 lacs). In such case, no collateral security/third party guarantee shall be obtained by the bank for credit facility above Rs.100 lacs.
- 18.1.5 All fund/non-fund based facilities are covered.
- 18.1.6 Certain activities under Agri-Clinics and Agri-Business Centres like Tissue Culture, Feed Processing & Testing units, Honey & Bee Product processing units, setting up of Information Kiosks/ Cool Chain etc. are also eligible for guarantee cover under the scheme.
- 18.1.7 Borrower may be sanctioned distinct/ separate credit facilities, but only credit facility not backed by collateral security/ third party guarantee can be covered under the scheme.
- 18.1.8 Maximum cover of up to 85% of credit facility, depending upon category of borrower and guarantee coverage.
- 18.1.9 Credit for retail trade, educational/ training institutions and SHGs are not eligible.
- 18.1.10 Both fund based and non-fund based credit facilities, viz. term loan, Working Capital, Composite Loan, LCs, Guarantees etc. can be covered.
- 18.1.11 Credit proposals above Rs.50 lacs will have to be rated internally and should be of investment grade.

## 18.2 CGS-Extent of Guarantee Cover

Borrower Category	Maximum Guarantee Cover, Where credit facility is		
	Upto Rs.5 lacs	Above Rs.5 lacs upto Rs.50 lacs	Above Rs.50 lacs upto Rs.100 Lacs
Micro Enterprises	85% of Amount in default subject to a max. of ₹ 4.25 lacs	75% of Amount in default subject to a max. of ₹37.50 lacs	50% of the amount in default subject to a maximum of ₹ 50.00 lacs
Women Entrepreneurs/ Units located in North East Region (incl. Sikkim) - Other than credit facility upto Rs.5 lacs to Micro Ent.	80% of Amount in default subject to a max. of ₹40 lacs		50% of the amount in default subject to a maximum of ₹ 50.00 lacs
All other category of borrowers	75% of Amount in default subject to a max. of ₹37.50 lacs		50% of the amount in default subject to a maximum of ₹ 50.00 lacs

## 18.3 CGS- Details of Fees payable for the Guarantee Cover

- 18.3.1 One Time Guarantee Fee (GF): GF is to be paid upfront for commencement of Guarantee cover.
- 18.3.2 Annual Service Fee(ASF): ASF is to be paid for all accounts for which Guarantee Cover has been availed/ is in force in a financial year, at the beginning of the next financial year within 60 days. i.e., by 31<sup>st</sup> May.

Details of GF and ASF			
Credit Facility	Upfront Guarantee Fee		Annual Service Fee
	North East Region (incl. Sikkim)	Others	
Upto Rs.5 Lacs	0.75%	1.00%	0.50%
>Rs.5 Lacs to Rs.50 Lacs	0.75%	1.50%	0.75%
>Rs.50 Lacs to Rs.100 Lacs	1.50%	1.50%	0.75%

- 18.3.3 For Credit facilities sanctioned on or after 01.01.2013, the one time Guarantee Fee and Annual service Fee is merged to composite all-in-Guarantee Fee which is called as Annual Guarantee Fee (AGF). The AGF structure is as under:

Credit Facility	Annual Guarantee Fee (AGF) % Per Annual	
	Women, Micro Enterprises and Units situated in North east Region(Incl. Sikkim)	Others
Up to ₹ 5 Lacs	0.75	1.00
Above ₹ 5 Lacs and upto ₹100 Lacs	0.85	1.00

(Ref. IC 9463 dated 12.12.2012)

- 18.3.4 50% of Guarantee fee as well as annual service fee/annual guarantee fee payable under the scheme will be borne by Bank and balance 50% will have to be borne by the respective borrower(s). (IC 6645 dated 28.03.03).

#### 18.4 CGS- Time limits

Lodgment of Application (Linked to Sanction Date)	End of next quarter (e.g.for credit facility sanctioned during the quarter, July-Sep 2012, application for Guarantee Cover can be lodged upto 31 Dec.2012 )
Payment of Guarantee Fee (Linked to Disbursement/ Demand date)	30 days from date of demand/ first disbursement, whichever is later (e.g. If demand advice date is June 10, 2009 and first disbursement is on June 28, 2009, guarantee fee should be paid within 30 days from June 28, 2009)
Payment of Annual Service Fee (linked to close of financial year)	May 31 of next Financial Year (For guarantee cover availed during FY2008-09, ASF was to be paid by May 31, 2009). Annual Service Fee is to be paid till disbursement of first installment of claim.

#### 18.5 CGS- Lodging of claims

- 18.5.1 Claim is to be lodged within a maximum period of one year from date of NPA, if NPA is after lock-in period or within one year of expiry of lock-in period, if NPA is within lock-in period.
- 18.5.2 For Credit facilities sanctioned on or after 01.01.2013, Claim is to be lodged within a maximum period of Two year from date of NPA, if NPA is after lock-in period or within Two year of expiry of lock-in period, if NPA is within lock-in period. (Ref. IC 9463 dated 12.12.2012)



18.5.3 Lock in Period for lodgment of claims under credit guarantee scheme is 18 months from either the date of last disbursement of loan or the date of payment of guarantee fee in respect of credit facility to the borrower, whichever is later, has elapsed. (IC 8226 dated 29.01.2009).

#### 18.5.4 MOST IMPORTANT

Branches to note that as soon as any CGTMSE covered account slips into NPA category, date of NPA must be informed to CGTMSE immediately but not later than last date of the subsequent quarter in which the account turned into NPA. i.e. If any CGTMSE covered account slip to NPA in Jan. - Mar. 2013 quarter then it must be reported to CGTMSE by 30 Jun 2013. Otherwise CGTMSE will not accept lodgment of claim for those accounts.

18.5.5 Pre-requisites for lodging claims are:

- Guarantee Cover is in force.
- Amount classified as NPA.
- Date of NPA has been reported to CGTMSE within stipulated period.
- Recall Notice issued.
- Lock-in period expired.
- Recovery proceedings initiated.

#### 18.6 CGS-Benefits

Credit Guarantee Scheme is a tool for:

- Widening of credit portfolio
- Better management of risk
- Faster recovery of dues
- Enhancement of profitability

18.7 In order to extend the collateral free loans to number of MSE accounts and cover the same under the Credit Guarantee Scheme, Bank has assigned the targets to the Regions for covering accounts under the CGS. The Regions are supposed to distribute these targets among the branches in their jurisdiction. Similarly, as per the directives of RBI, the performance of the field functionaries regarding coverage of accounts under CGTMSE scheme has been considered as one of the parameters for evaluating the performance of the field functionaries (HRD Circular HRD:MG:397:11 dated 28.03.2011).

#### 19. Management Information System:

**Submission of Weekly Flash data and Monthly MSME Statement.**

To reduce the burden of submission of the statements at Branch/ RO level, suitable MIS package has been installed. Proper feeding of data/ particulars relating to the accounts in the Finacle is the prerequisite for the generation of correct report/ return through MIS. Hence branches/RO should ensure that the

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data/ particulars relating to the accounts are properly fed / updated in the Finacle for stabilization of the MIS.

## **20. Modification and Review/Revision**

- 20.1 This Policy shall be valid for the financial year 2014-15 and its continuity may be extended for a further period not exceeding six months with the specific approval of CMD. The Policy shall also be modified to give effect, in case of any changes in the existing guidelines/directives/instructions based on the directives/advice of Reserve Bank of India/Govt. of India/other regulatory authorities, issued from time to time, subject to reporting and approval of the Board of Directors.
- 20.2 The Policy will be reviewed / revised from time to time, at least once in a year to adapt to the changing economy/environmental demands and to incorporate/ implement any changes in the credit strategy of the Bank related to the MSE customers.

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Cluster Specific Scheme Approved

1. Financing Hosiery Units in Kolkata, Ludhiana & Kanpur.
2. Financing Textile Units in Panipat & Bhilwara.
3. Financing Auto Ancillary Units in Jamshedpur, Rohtak.
4. Financing Agricultural Processing Units in Chhattisgarh & Orissa.
5. Financing Footwear Units in Bahadurgarh-Haryana and Delhi.
6. Financing Carpet Artisans in Bhadohi.
7. Financing Handloom Weavers in Varanasi.
8. Financing Steel Rolling & Rerolling Mills / Mfg. of SS sheets, utensils at Jodhpur.
9. Financing Stevedoring & logistics industry in Visakhapatnam.
10. Financing Plywood units in Perumbavoor-Ernakulam
11. Financing Wholesale Steel Traders in Visakhapatnam.
12. Financing Rice Mill in Mangalore, Nellore, Ludhiana, Kalady, & Durgapur, Karnal, Nagpur.
13. Financing Drug & Pharmaceutical Units in Buddi-Chandigarh.
14. Financing Auto Ancillary & Fasteners Units in Rohtak.
15. Financing Road Transport Operators in Salem and Pune Zone.
16. Financing Rice Mills/Dall Mills in Madhya Pradesh State and Chattisgarh State, Nagpur, Kolhapur & Baroda Region.
17. Financing Food Processing Industry in West Bengal State.
18. Financing Supply Bill Discounting Scheme at Jamshedpur.
19. Financing Foundry Units in Coimbatore.
20. Financing Engineering Units in Coimbatore.
21. Financing Power loom Units in Coimbatore, Kolhapur.
22. Financing Traders against Ware house Receipt (WHR).
23. Financing Sugar Mills against pledge of Sugar Stock in Pune Zone.
24. Financing Against WHR of Paddy kept in Open under CMA arrangement in Karnal.
25. Financing Arahatiyas, against Title Deed in Delhi, Pune Zone.
26. Financing Mining Activity & Marble units in Jaipur & Udaipur Region.
27. Financing Handloom Weavers of Jharkhand under Tie-up with JHARCRAFT.
28. Financing Construction of Rural Godowns in Jaora-Indore.
29. Financing Paper Traders in Delhi.
30. Financing Byrite Pulverizing Units in Kaddapa - Nellore.
31. Financing Auto Parts/Cycle Industry in Ludhiana.
32. Financing Sweet manufacturing units in West Bengal State.
33. Financing Timber traders in Delhi.
34. Financing Food & Agro Processing in Varanasi and Dehradun region.
35. Financing Hosiery units in Ludhiana Region.
36. Financing Akshaya centres in Kerala state.
37. Financing MSE borrowers with reduced margin in Madhya Pradesh State.

## Annexure III

Mandatory documents required for processing	Status (Received / Required / Not required)
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1. Loan application form completely filled up
2. PAN card of the proprietor
3. CMA data along-with projections for next year
4. Audited financials of last three years :

1. Audited balance sheet, Profit and Loss statement with notes on accounts, annexure and schedules	1. Company / Firm 2. Proprietors / Partners / Directors 3. Sister concerns
2. Provisional balance sheet or sales-purchase figures for the period between audited balance sheet and loan application	Company / Firm
3. IT returns with acknowledgements	Company / Firm / Proprietors / Partners / Directors

5. Order book position / contracts / proof of demand till the date of application (for exporters PC / FDBP)
6. VAT returns / last sales tax assessment order
7. Status of statutory clearance certificates at the date of application (Certificates themselves can be submitted pre-disbursal)
8. Lead bank assessment note (in case of consortium)
9. Partnership declaration / article of association, memorandum of association and resolution (In case of company)
10. Break-up of debtors (more than 6 months, less than 6 months);
11. Break-up of cash and kind, loans and advances

### Additional documents required in case of takeover account

1. NOC / status of the account
2. Statement of account for last one year
3. Copy of sanction letter

### Additional documents required for term loan/ LC for capital good application, if they are not included in project report

1. Cash flow and fund flow statement
2. Profitability projects and assumptions (provide softcopy of the same)
3. Breakeven analysis
4. IRR working, DSCR working
5. DSRA working (for infrastructure & real estate projects)
6. Analysis of previous sources & uses of funds, if project already underway
7. CA certificate for promoter's contribution
8. Detail on the project
  - a) Details & cost of machinery, suppliers of machinery
  - b) Quotation / performa invoices from supplier

Annexure-III-contd..

- c) Install capacity calculation
- d) Underlying competition
- e) Raw material details & its availability
- f) Market survey: Viability reports from market, reports from association
- g) Implementation schedule of the project
- 9. Sensitivity analysis


Additional document required in case of factory building

- 1. Building approval plan
- 2. Estimate from architecture
- 3. Statuary clearances: Environment & pollution clearance
- 4. Electricity & water sanction proof
- 5. Technical evaluation report required from outside agency (infra projects)


Additional documents required for raw material LC

- 1. Pattern of purchase, % of import vs local (with import license)
- 2. % of purchase under LC
- 3. Lead time required
- 4. DA period in case of DA LC


Additional details required in case of bank Guarantee

- 1. Details of existing guarantees & facilities
- 2. Bid bound / security deposit
- 3. Contract details: Size of contract, period of execution, phases in which it will get implemented, success probability, upfront payment & other bidding details
- 4. Sales projection for contract income projection


Additional documents required for sensitive sectors

- 1. List of projects executed & under process (in case of real estate)
- 2. Cash budget projection (in case of real estate)
- 3. RBI registration, declaration on attracting public funds (in case of NBFC)


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**MINISTRY OF SMALL SCALE INDUSTRIES**  
**NOTIFICATION**  
**New Delhi, the 5th October, 2006**

S.O. 1722(E) - In exercise of the powers conferred by sub-section (1) of 2006) herein referred to as the said Act, the Central Government specifies the following items, the cost of which shall be excluded while calculating the investment in plant and machinery in the case of the enterprises mentioned in Section 7(1)(a) of the said Act, namely:

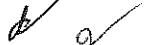
- (i) Equipment such as tools, jigs, dyes, moulds and spare parts for maintenance and the cost of consumables stores;
- (ii) Installation of plant and machinery;
- (iii) Research and development equipment and pollution controlled equipment
- (iv) Power generation set and extra transformer installed by the enterprise as per regulations of the State Electricity Board;
- (v) Bank charges and service charges paid to the National Small Industries Corporation or the State Small Industries Corporation;
- (vi) Procurement or installation of cables, wiring, bus bars, electrical control panels (not mounded on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;
- (vii) Gas producers plants;
- (viii) Transportation charges ( excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of the manufacture to the site of the enterprise;
- (ix) Charges paid for technical know-how for erection of plant and machinery;
- (x) Such storage tanks which store raw material and finished produces and are not linked with the manufacturing process; and (xi) firefighting equipment.

2. While calculating the investment in plant and machinery refer to paragraph 1, the original price thereof, irrespective of whether the plant and machinery are new or second handed, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely;

- (i) Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);
- (ii) Shipping charges;
- (iii) Customs clearance charges; and
- (iv) Sales tax or value added tax.

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(F.No.4(1)/2006-MSME- Policy)  
JAWHAR SIRCAR, Addl. Secy.



MSME Products

1	Union High Pride: - (Ref. IC 7252 dated 02.11.2005 & IC 7639 dated 16.04.2007 and issued from time to time)	
	Eligibility	<ul style="list-style-type: none"> <li>Companies/ Trading firms/ Business Enterprises/ Service units requiring credit facilities above Rs.5 crores up to Rs.25 Crores.</li> <li>Mid Corporate Enterprises with Investment in Plant &amp; Machinery from Rs.1 Crore to Rs.10 Crores.</li> <li>Credit Rating of CR4 and above.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>Term Loans for purchase of Machineries/ Equipments, Construction of Industrial Shed/ Gala for Industrial Units.</li> <li>Working Capital needs of mid segment industrial firms.</li> <li>Working Capital/ Term Loans in case of Trading units/ Business Enterprises/ Service units.</li> </ul>
	Quantum	<ul style="list-style-type: none"> <li>Above Rs.5.00 crs, upto Rs.25.00 crs</li> </ul>
	Appraisal Standards	<ul style="list-style-type: none"> <li>The acceptable financial ratios are: Current Ratio minimum 1:10, Debt Equity Ratio not more than 3:1, TOL/TNW not more than 4:1.</li> </ul>
	Security	<ul style="list-style-type: none"> <li>Prime - Hyp. of current assets in case of WC facilities &amp; first charge on P&amp;M/ equipments in case of Term Loans.</li> <li>Collateral - EM of factory land and building, wherever available. Advance to be covered by collaterals covering atleast 20% of the exposure (FB+NFB).</li> <li>Personal guarantee of promoters.</li> </ul>
	Margin	<ul style="list-style-type: none"> <li>20%</li> </ul>
	Interest	<ul style="list-style-type: none"> <li>As applicable with reference to the latest Circular</li> </ul>

2	Union Procure:-	(Ref. IC 7260 dated 10.11.2005 and issued from time to time)
	Eligibility	<ul style="list-style-type: none"> <li>Selected Vendors supplying to identified large Corporate borrowers of the Bank.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>Receivable Financing.</li> </ul>
	Quantum	<ul style="list-style-type: none"> <li>Rs.25 lacs to Rs.5 Crs.</li> </ul>
	Appraisal Standards	<ul style="list-style-type: none"> <li>Turnover Method for MSE units upto limit of Rs.5 Crs.&amp; Others upto Rs.1 Crs. Flexible Bank Finance for above Rs.1Crore.</li> <li>Current Ratio should not be less than 1.10:1, TOL/TNW should not exceed 4:1 and LTL/TNW should not exceed 2:1.</li> </ul>
	Security	<ul style="list-style-type: none"> <li><u>Primary</u>-DA Bills drawn b vendors and duly accepted by Corporates.</li> <li><u>Collateral</u> -To cover at least 10% of advance.</li> </ul>
	Margin	<ul style="list-style-type: none"> <li>NIL</li> </ul>
	Interest	<ul style="list-style-type: none"> <li>As applicable with reference to the latest Circular</li> </ul>
3	Union Supply: -	(Ref. IC 7260 dated 10.11.2005 and issued from time to time)
	Eligibility	<ul style="list-style-type: none"> <li>Selected authorized dealers of identified large corporate borrowers of the bank.</li> </ul>
	Quantum	<ul style="list-style-type: none"> <li>Rs.25 Lacs to Rs.5 Crs. by way of Buyers' Bill Discounting.</li> </ul>
	Appraisal Standards	<ul style="list-style-type: none"> <li>Turnover Method for MSE units upto limit of Rs.5 Crores &amp; Others upto Rs.1 Crore, FBF for above Rs.1 Crore.</li> </ul>
	Security	<ul style="list-style-type: none"> <li><u>Prime</u>-DA Bills drawn by the Corporates duly accepted by the Dealer or accepted Challans/ Invoices.</li> <li><u>Collateral</u>- To cover at least 30% of the Advance.</li> </ul>
	Margin	<ul style="list-style-type: none"> <li>NIL</li> </ul>
	Interest	<ul style="list-style-type: none"> <li>As applicable with reference to the latest Circular</li> </ul>



4	<b>Term Loan for PCOs and Cyber Cafes (Union Cyber):-</b> (Ref. IC 7827 dated 20.11.2007 and issued from time to time)	
	Eligibility	<ul style="list-style-type: none"> <li>• An educated youth with basic computer knowledge particularly in rural and semi urban centers. Women entrepreneurs are given preference.</li> <li>• Minimum Qualification-S.S.C., Age-between 18 to 30 years, should possess a certificate having completed a basic computer knowledge course.</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>• A Term Loan can be considered for setting up internet/cyber café for purchase of Computers/PCO Equipments, furniture etc. at rural, semi urban and urban centers.</li> </ul>
	Quantum	<ul style="list-style-type: none"> <li>• Maximum Rs.3.00 Lacs.</li> <li>•</li> </ul>
	Appraisal Standards	<ul style="list-style-type: none"> <li>• Regular Appraisal for sanctioning of Term Loan.</li> </ul>
	Security	<ul style="list-style-type: none"> <li>• Hyp. of Assets to be acquired out of Bank Finance.</li> <li>• Collateral Nil. Loan is under Credit Guarantee Scheme of CGTMSE</li> </ul>
	Margin	<ul style="list-style-type: none"> <li>• 20%</li> </ul>
	Interest	<ul style="list-style-type: none"> <li>• As per the latest circular on interest rate.</li> </ul>
	Repayment	<ul style="list-style-type: none"> <li>• 3 to 5 years depending upon the cash flow.</li> </ul>

5	<b>"SME PLUS"-For Temporary Short Term Working Capital Requirements of MSE:-</b> (Ref. IC 7826 dated 20.11.2007)	
	Purpose	<ul style="list-style-type: none"> <li>• All kind of genuine credit needs of temporary nature to tide over liquidity crunch.</li> <li>• Repayment of high cost short term borrowings</li> <li>• Meeting W.C. needs arising out of bunching of orders.</li> <li>• Delay in shipment/realization of receivables.</li> <li>• Sudden increase in cost of raw materials etc.</li> <li>• Mismatch in cash Flows</li> </ul>
	Quantum	<ul style="list-style-type: none"> <li>• Adhoc Working Capital limit up to 20% of the existing overall Fund based credit facilities in respect of units having over all fund based credit facilities up to Rs.10 Crores.</li> </ul>
	Security	<ul style="list-style-type: none"> <li>• Primary:-Extension of Bank's charge over current and fixed assets.</li> <li>• Collateral:-               <ol style="list-style-type: none"> <li>1) Extension of charge over existing collateral.</li> <li>2) Personal guarantee of proprietor/ partners/ directors.</li> </ol> </li> </ul>
	Margin	<ul style="list-style-type: none"> <li>• Minimum-25%</li> </ul>
	Interest	<ul style="list-style-type: none"> <li>• 2% above the applicable rate of interest.</li> </ul>
	Repayment	<ul style="list-style-type: none"> <li>• Repayable within one year with a moratorium of six months.</li> <li>• During the moratorium period, the borrower has to pay the interest charged from time to time.</li> </ul>

6	<b>FINANCING the purchase of GENERATOR SETS in power deficit states</b> (Ref. IC 8194 dated 22.12.2008)	
	Purpose	<ul style="list-style-type: none"> <li>To purchase a new diesel generator set of a standard company of appropriate capacity depending upon the size of the unit</li> </ul>
	Quantum	<ul style="list-style-type: none"> <li>For Micro Enterprises -</li> <li>Manufacturing (up to 50KVA) - up to Rs. 5 lac</li> <li>Services (up to 25KVA) - up to Rs. 4 lac</li> <li>For Small Enterprises -</li> <li>Manufacturing (up to 125KVA) - up to Rs. 8 lac</li> <li>Services (up to 100 KVA) - up to Rs. 7.50 lac</li> <li>For Medium Enterprises -</li> <li>Manufacturing (up to 250 KVA) - up to Rs. 15 lac</li> <li>Services (up to 160 KVA) - up to Rs. 10.50 lac</li> </ul>
	Nature of facility	<ul style="list-style-type: none"> <li>Term Loan</li> </ul>
	Eligibility	<ul style="list-style-type: none"> <li>All registered MSME units that are financially viable and located in Bihar, Haryana, Andhra Pradesh, Jharkand, Madhya Pradesh, Maharashtra, Tamil Nadu, Nagaland, Tirupura and Uttar Pradesh</li> <li>Enjoying credit limits with Union Bank or having account with the Bank and do not enjoy credit facilities with any other bank</li> <li>Credit Rating Minimum CR-5</li> </ul>
	Appraisal	<ul style="list-style-type: none"> <li>Average DSCR should be minimum 1.25:1 and above</li> </ul>
	Security	<ul style="list-style-type: none"> <li>Mortgage of asset created out of Bank Finance</li> <li>Extension of charge on Fixed Assets</li> </ul>
	Interest	<ul style="list-style-type: none"> <li>As per latest circular</li> </ul>
	Margin	<ul style="list-style-type: none"> <li>15%</li> </ul>
	Repayment	<ul style="list-style-type: none"> <li>Maximum period of 60 months with moratorium period of 6 months</li> </ul>
	Processing charges	<ul style="list-style-type: none"> <li>50% of applicable charges.</li> </ul>

7	UNION TRANSPORT (Ref. IC 7267 dated 30.11.2005 )	
	Purpose	<ul style="list-style-type: none"> <li>To finance transport operators upto 10 vehicles of all make, Utility Vehicles, Light Commercial, Medium Commercial, Luxury, and Heavy Commercial Vehicles</li> </ul>
	Quantum	<ul style="list-style-type: none"> <li>Up to Rs.15.00 lac for 1 to 2 vehicles</li> <li>Up to Rs. 350 lac per fleet operator for owning not more than 10 vehicles</li> </ul>
	Nature of facility	<ul style="list-style-type: none"> <li>Term Loan</li> </ul>
	Eligibility	<ul style="list-style-type: none"> <li>Individual or association of not more than 6 persons</li> <li>Corporates/firms engaged as fleet operators owning not more than 10 vehicles including the one proposed to be financed</li> </ul>
	Security	<ul style="list-style-type: none"> <li>Prime - Assets created out of Bank Finance (Vehicles)</li> <li>Collateral - Equitable Mortgage of property or hypothecation of existing vehicles (not older than 2 years) or any other tangible security value of which should not be less than 25% of loan amount.</li> <li>Third party guarantee with acceptable means.</li> <li>If the finance is eligible under Credit Guarantee Scheme of CGTMSE, collateral security will be Nil</li> </ul>
	Interest	<ul style="list-style-type: none"> <li>As per the latest circular</li> </ul>
	Margin	<ul style="list-style-type: none"> <li>20%</li> </ul>
	Repayment	<ul style="list-style-type: none"> <li>Up to 5 years with a moratorium of 6 months</li> </ul>

8	Union Support: Scheme for Professionals/ Enterprises under Service Sector. (Ref. IC 8522 dated 24.12.209 and issued from time to time)	
	Purpose	Composite term loan for purchase of shops, office equipments including vehicles etc. and meeting working capital requirements. The loan can also be extended for purchase / renovation, repairs of the business premises, equipments also. Working Capital portion will be maximum upto 50% of the total loan sanctioned.
	Quantum	Maximum Rs.20 lacs.
	Eligibility	Qualified individuals with reasonable experience, proprietary firms/partnership firms.
	Security	Primary: Mortgage of shop premises purchased out of Bank's finance, if any. Hypothecation of machinery /equipment / stock / goods / vehicles.  Collateral :- Nil.
	Personal Guarantee	Third party personal guarantee - Nil In case of partnership firms, all partners in their individual capacity should extend guarantee.
	Interest	BR + 3.00%, at present 13.25%
	Margin	20%
	Repayment	3 to 5 years in line with the projected cash flow.
	Processing fee	50% of applicable charges.

9. Union Progress (Ref. IC 9873 dated 19.03.2014)			
1.	Scope	<ul style="list-style-type: none"> <li>The scheme will be operational Pan India.</li> <li>All types of Micro Enterprises, e.g. units engaged in manufacturing , processing , preservation of goods, retail trade, professional self employed persons, SRTOs, construction/supply contractors, educational institutions, etc</li> </ul>	
2.	Eligibility	<ul style="list-style-type: none"> <li>Micro Units engaged in Manufacturing and Service Sector. For Manufacturing Sector, Original investment in core Plant &amp; Machinery excluding cost of items as specified in MSE policy for calculating investment in Plant &amp; Machinery should be upto Rs.25 Lac and for Service Sector, Original investment in equipment upto Rs.10 Lac.</li> <li>Proprietorship, Partnership concerns (including Limited Liability Partnerships), Limited Companies, etc. belonging to MICRO Category.</li> <li>Units should have all the statutory approvals/NOCs from the respective Departments etc.</li> <li>Credit Rating of the borrower should not be below CR- 4 for takeover and CR- 5 in case of new connections.</li> <li>Any deviation in the eligibility criteria shall be subject to the norms prescribed in the Loan Policy 2013-14.</li> <li>All new cases of Micro Enterprise credit proposals shall be covered under the scheme.</li> </ul>	
3.	Purpose	To meet business related needs including purchase/construction of business premises, machinery, equipments, vehicles and working capital requirements of all types of Micro Enterprises.	
4.	Nature of Facilities	Term Loan and/or Working Capital	
5.	Quantum Of Finance	Suitable limits can be sanctioned based on the requirements and financials of the borrower to be assessed as per the lending methods indicated in the Loan Policy.	
6.	Margin	<ul style="list-style-type: none"> <li>5%, for credit limit upto Rs.10 lacs.</li> <li>15% = for credit limits above Rs.10 lacs</li> </ul>	
7.	Interest Rate:	As per extant Interest Rate circular.	
8.	Processing Charges	Amount of advance	Processing Charges
		Upto Rs.10 lacs	NIL
		Above Rs.10 lacs	Flat Rs. 1000/-

9.	<b>Documentation &amp; Inspection Charges</b>	Flat Rs. 500 + actual stamp duty if any.
10.	<b>Credit Rating Norms</b>	In respect of advances having total credit limits above Rs.2.00 lacs, Credit Rating shall be done as per extant guidelines.
11.	<b>Take Over Norms</b>	As per Bank's loan policy
12.	<b>Security</b>	Primary: <ul style="list-style-type: none"> <li>All assets created out of banks finance shall be charged in favor of bank by way of hypothecation /mortgage etc.</li> </ul>
		<ul style="list-style-type: none"> <li>Collateral - All eligible cases for CGTMSE to be mandatorily covered under CGTMSE and annual Guarantee Fee payable to Credit Guarantee Trust to be fully absorbed by the Bank (as against present 0.50% borne by the borrower).</li> <li>Where the CGTMSE cover is not available such as retail trade, educational institutions, SHG/JLGs, collateral security to the extent of min.60% of total credit facility by way of securities like term deposit, NSC, assignment of life policies, mortgage of properties shall be obtained.</li> </ul>
		<ul style="list-style-type: none"> <li>Personal guarantee of Promoter Directors, Proprietor, Partners of the firm/company having sufficient means and of all mortgagors of collateral security.</li> <li>If CGTMSE cover is available, no third party guarantee shall be taken.</li> </ul>
13.	<b>Appraisal</b>	The assessment of credit limits shall be done as per methods stipulated in the Loan Policy.
14.	<b>Repayment</b>	Working Capital / Term Loan limits: <ul style="list-style-type: none"> <li>12 months for WC and subject to renewal as per extant guidelines.</li> <li>Term Loans to be repaid within a maximum period of 84 monthly installments inclusive of moratorium period.</li> </ul>
15.	<b>Delegation</b>	As per the existing scheme of delegation of loaning powers.
16.	<b>Due Diligence</b>	Due diligence to be carried out as per the extant guidelines of bank.
17.	<b>Reporting</b>	All sanctions shall be reported to the controlling office in M-27 on monthly basis.
18.	<b>Other Terms &amp; Conditions</b>	As per the extant guidelines of Bank.

List of 700 Business Banking Branches

Region	Sr No.	Name of Branch	Region	Sr No	Name of Branch
Delhi South	1	NEHRU PLACE	Lucknow	355	LUCKNOW MAIN
	2	SSI - OKHLA		356	AMINABAD - LUCKNOW
	3	GURGAON - SSI		357	LATOUCHE ROAD
	4	NOIDA - SSI		358	ALAMBAGH
	5	GURGAON		359	CLARKS AWADH
	6	CONNAUGHT PLACE		360	INDIRA NAGAR
	7	MOTI BAGH		361	FAIZABAD ROAD
	8	YUSAF SARAI		362	SACHIVALAY
	9	NOIDA MAIN		363	SITAPUR MAIN
	10	SAFDARJUNG DEV.AREA		364	CHANDGANJ
	11	SOUTH EXTENSION	Dehradun	365	ROORKEE
	12	SAKET		366	RUDRAPUR
	13	SAMALKHA		367	DEHRADUN MAIN
	14	VASANT VIHAR		368	HALDWANI MAIN
Delhi North	15	ASAFALI ROAD		369	RISHIKESH
	16	PUNJABI BAGH		370	PATEL NAGAR
	17	KHARI BAOLI		371	HARDWAR
	18	PASCHIM VIHAR		372	KASHIPUR
	19	WAZIRPUR SSI		373	SRINAGAR
	20	PATEL NAGAR		374	BAREILY ROAD HALDWANI
	21	PAHAR GANJ	Meerut	375	DELHI ROAD-MEERUT
	22	SHALIMAR BAGH		376	MUZAFFARNAGAR MAIN
	23	KAROL BAGH		377	SHASTRI NAGAR
	24	CHANDNI CHOWK		378	MUZAFFARNAGAR SSI
	25	SADAR BAZAR		379	GHAZIABAD SSI
	26	ASHOK VIHAR		380	MEERUT MAIN
	27	AZADPUR		381	KAVI NAGAR, GHAZIABAD
	28	PITAMPURA		382	SAHARANPUR MAIN
	29	S.B. SARAFI MARKET		383	LOHA MANDI GHAZIABAD
	30	SUBJIMANDI		384	GHAZIABAD MAIN
	31	CHAWRI BAZAR	Agra	385	MORADABAD - OVERSEAS
	32	KASHMERE GATE		386	AGRA MAIN
	33	MUNDKA		387	DAYALBAGH



	34	UDYOG NAGAR		388	ADA AGRA
Chandigarh	35	SECTOR 21 C - CHANDIGARH		389	MATHURA CANTT
	36	SECTOR 35 C - CHANDIGARH		390	KASGANJ
	37	CHANDIGARH MAIN		391	MATHURA MAIN
	38	BADDI		392	FIROZABAD
	39	AMBALA CANTT.		393	BAREILLY MAIN
	40	PANCHKULA MAIN SEC-8		394	ALIGARH MAIN
	41	SEC -40C CHANDIGARH	Kanpur	395	KANPUR MAIN
	42	HISSAR MAIN		396	GENERALGANJ
	43	HISSAR UE		397	SARVODAYANAGAR
	44	AMBALA CITY		398	RAWATPUR
Karnal	45	PANIPAT - SSI		399	JHANSI SADAR
	46	FARIDABAD (MAIN)		400	JHANSI MAIN
	47	KARNAL (MAIN)		401	KAUSHALPURI
	48	SEC-7, FARIDABAD		402	UNNAO
	49	PANIPAT MAIN		403	SWARUP NAGAR
	50	ROHTAK MAIN		404	GOVIDN NAGAR
	51	KURUKSHETRA		405	parmat
	52	TARAORI	Varanasi	406	VARANASI - SSI
	53	BAHADURGARH		407	VARANASI - CANTONMENT
	54	YAMUNANAGAR		408	VARANASI MAIN
	55	BHIWANI		409	CHETGANJ BRANCH
Jaipur	56	M.I. ROAD - JAIPUR		410	BISHESHWARGANJ BRANCH
	57	JAIPUR - SSI		411	MUGHALSARAI BRANCH
	58	OVERSEAS JAIPUR		412	RATHYATRA
	59	JAIPUR MAIN		413	PANDEYPUR
	60	BAPU NAGAR JAIPUR		414	RAILWAY STATION
	61	BHIWADI		415	LAHARTARA
	62	ALWAR		416	BHOJUBEER
	63	KISHANGARH		417	SONARPURA
	64	RAMGUNJ, AJMER		418	LANKA
	65	SIKAR ROAD, JAIPUR		419	PADAO
Udaipur	66	BHILWARA		420	RAIGHAT
	67	JODHPUR MAIN		421	SHIVPUR
	68	KOTAH	Azamgarh	422	CIVIL LINES AZAMGARH
	69	UDAIPUR MAIN		423	AZAMGARH MAIN
	70	NEW FATEHPUR, UDAIPUR		424	HEERAPATTI
	71	BANSWARA		425	BELAISA

	72	BASNI, JODHPUR		426	SAGRI
	73	BALOTRA.DIST BARMER		427	MUBARAKPUR
	74	RAJASAMAND		428	DEOGAON
	75	CHITTORGARH		429	MEHNAGAR
	76	MSS Jodhpur		430	SETHAWAL
Ludhiana	77	GOBINDGARH MANDI		431	AKBARPUR
	78	LUDHIANA MAIN	Allahabad	432	BHADOI
	79	LUDHIANA - SSI		433	AURAI
	80	G.T. ROAD BRANCH		434	ALLAHABAD MAIN
	81	GILL ROAD		435	ICFREI KARELI
	82	SDPH SCHOOL		436	LIC COLONY ALLAHABAD
	83	KHANNA		437	SHAKTINAGAR
	84	FOCAL POINT		438	MIRZAPUR
	85	DUGRI ROAD		439	BANDA
	86	SAS NAGAR, MOHALI		440	FATEHPUR
Jalandhar	87	JALANDHAR MAIN		441	CHOWK ALLAHABAD
	88	JALANDHAR - SSI		442	NAINI
	89	JALANDHAR - OVERSEAS		443	PRITAMNAGAR
	90	MAJITH MANDI - AMRITSAR		444	PRATAPGARH
	91	BATALA	Ghazipur	445	GHAZIPUR MAIN
	92	AMRITSAR MAIN		446	MOHAMMADABAD
	93	PATHANKOT		447	NANDGANJ
	94	JAMMU MAIN		448	SAIDPUR
	95	BASTI NAU		449	KUTCHERY ROAD
	96	GURDASPUR		450	GAHMAR
Kolkata	97	CHOWRINGHEE ROAD(CAMAC STREET)		451	MAHARAJGANJ
	98	CANNING STREET		452	DEGREE COLLEGE
	99	EZRA STREET - KOLKATA		453	ZAMANIA KASBA
	100	INDIA EXCHANGE PLACE		454	DILDARNAGAR
	101	DHARAMTOLLA	Gorakhpur	455	GORAKHPUR MAIN
	102	OVERSEAS KOLKATTA		456	SAHEBGANJ - GORAKHPUR
	103	NEW ALIPORE		457	BALLIA MAIN
	104	STRAND ROAD		458	GEETA VATIKA
	105	LAKE TOWN		459	BASTI
	106	BALLYGUNGE		460	DEORIA
	107	M G ROAD		461	NARAI BANDH
	108	MANIKTOLA		462	MAHARAJGANJ
	109	MID CORPORATE		463	GARHWAR
	110	TALTOLLA		464	KHALILABAD
Howrah	111	ANDUL ROAD		465	PADRAUNA

	112	CHINSURAH		466	MEDICAL COLLEGE
	113	DHANIAKHALI		467	RAJENDRA NAGAR
	114	HOWRAH	Jaunpur	468	JALALPUR
	115	RAJPUR SHONARPUR		469	JAUNPUR MAIN
	116	SONARPUR		470	CIVIL LINES JAUNPUR
	117	ULUBERIA		471	SHAHGANJ
Durgapur	118	DURGAPUR		472	JAYCEE XING
	119	BURDWAN		473	NAOPERWA
	120	RANIGANJ		474	MACHHALISAHAR
	121	ASANSOL		475	MUNGRA BADSHPUR
	122	POLICE LINE BURDWAN		476	RAMPUR
Bhubaneshwar	123	BHUBANESHWAR MAIN		477	TRILOCHAN MAHADEV
	124	CHANDRASHEKHARPUR	Bhopal	478	AREA COLONY
	125	ANGUL BRANCH		479	BHOPAL MAIN
	126	BALASORE BRANCH		480	MALVIYANAGAR
	127	COLLEGE SQUARE, CUTTAK		481	M. P. NAGAR
	128	CUTTAK MAIN		482	SHASTRI NAGAR
	129	MADHUPATNA		483	CHINDWARA
	130	NAYAPALLI		484	GWALIOR MAIN
	131	PARADEEP		485	PANDURNA
	132	AIGINIA		486	MISS HILLS GWALIOR
Sambalpur	133	SAMBALPUR BRANCH		487	SPA GWALIOR
	134	ROURKELA MAIN	Indore	488	INDORE CITY (MAIN)
	135	SONAPUR		489	INDORE - SSI
	136	JHARSUGUDA		490	SINDHI COLONY
	137	BOUDH		491	SIYAGANJ
	138	AMBAGOAN		492	MALHARGANJ, INDORE
	139	RAYAGADA		493	M.G. ROAD, INDORE
	140	BRAJRAJNAGAR		494	VISHNUPURI, INDORE
	141	BOLANGIR		495	A B ROAD (KHAJRANA)
	142	MALKANGIRI		496	DEWAS
Siliguri	143	SILIGURI		497	RATLAM
	144	SEVOKE ROAD SILIGURI	Jabalpur	498	JABALPUR CITY
	145	ISLAMPUR		499	KATNI
	146	JALPAIGURI		500	MADANMAHAL
	147	RAIGANJ		501	JABALPUR CANTT.
	148	DESHBANDHUPARA		502	GOPALBAG
	149	SILIGURI MAHKUMA		503	WRIGHT TOWN

		PARISHAD			
	150	BOLPUR		504	NAPIER TOWN
	151	MALDA		505	MADHAV NAGAR
	152	Gangtok		506	RANJHI
Guwahati	153	MAIDAMGAON - GAUHATI		507	VIJAYNAGAR
	154	AGARTALA (TRIPURA)	Raipur	508	RAIPUR MAIN
	155	TINSUKHIYA (ASSAM)		509	BHILAI
	156	SHILLONG (MEGHALYA)		510	BILASPUR
	157	ATHGAON		511	RAIGARH
	158	CHANDMARI		512	CHANDNIDIH BRANCH
	159	BARPETA ROAD		513	PANDRI BRANCH
	160	G.S.ROAD		514	IFB RAIPUR
	161	JORHAT		515	SAMTA COLONY BRANCH
	162	GUWAHATI MAIN		516	KORBA
Patna	163	PATNA MAIN		517	LILY CHOWK
	164	GAYA		518	DURG
	165	STB, PATNA	Rewa	519	SATNA MAIN
	166	BHAGALPUR		520	CHRIST JYOTI
	167	MUNDGER		521	REWA MAIN
	168	ARRAH		522	SIRMOUR CHOWK
	169	RAZABAJAR		523	SIDHI MAIN
	170	LAKHISARAI		524	SHADHOL
	171	SASARAM		525	SAMAN REWA
	172	BORING ROAD PATNA		526	BURHAR
	173	MOHANIA		527	TRANSPORT NAGAR REWA
	174	MACHHUATOLI PATNA		528	COLLECTORATE CAMPUS SIDHI
Samastipur	175	SAMASTIPUR MAIN	Ahmedabad	529	ELLIS BRIDGE
	176	MUZAFFARPUR MAIN		530	AHMEDABAD - SSI
	177	STB, MUZAFFARPUR		531	ASHRAM ROAD
	178	PURNEA		532	VADEJ - AHMEDABAD-SSI
	179	KATIHAR		533	C.G. ROAD - AHMEDABAD
	180	CHAPRA		534	BHAIRAVNATH ROAD
	181	HAJIPUR		535	JODHPUR TEKRA
	182	BEGUSARAI		536	PREMCHANDNAGAR
	183	DARBHANGA		537	VASTRAPUR
	184	KHAGARIA		538	RAIPUR GATE
Ranchi	185	JAMSHEDPUR		539	DRIVE-IN-ROAD

	186	JAMSHEDPUR - SSI		540	DR. S.R. MARG
	187	DORANDA - RANCHI		541	BODAKDEV
	188	RANCHI MAIN		542	MANINAGAR
	189	BOKARO STEEL CITY		543	NARODA
	190	DHANBAD		544	PRAHLADNAGAR
	191	JHUMARI TELAIYA	Baroda	545	IFB BARODA
	192	KALIMATI ROAD, JAMSHEDPUR		546	RAOPURA
	193	UPPER BAZAR, RANCHI		547	SAYAJIGANG
	194	CHAS		548	MANJUSAR
Chennai	195	CHENNAI - MAIN		549	NIZAMPURA
	196	T NAGAR - CHENNAI		550	PRATAPNAGAR
	197	ASHOKNAGAR - CHENNAI		551	M.G.ROAD
	198	GUINDY - SSI		552	VALLABH VIDYA NAGAR ANAND
	199	CHENNAI - SSI		553	ALAKAPURI
	200	WASHERMANPET		554	SUBHANPURA
	201	OVERSEAS CHENNAI		555	RACE COURSE ROAD
	202	MOUNT ROAD	Surat	556	TEXTILE MARKET - SURAT
	203	CHAMBERS ROAD		557	SALABATPURA, SURAT
	204	EGMORE		558	KANPITH
	205	TRIPLICANE		559	CITILIGHT SURAT
	206	SOWCARPET		560	NANPURA
Salem	207	SALEM		561	VAPI
	208	FIVE ROADS, SALEM		562	VALSAD
	209	ERODE MAIN		563	NAVSARI
	210	SSI ERODE		564	UDHNA
	211	RANIPET		565	ATHWALINE
	212	KRISHNAGIRI	Rajkot	566	RAJKOT - SSI
	213	NAMAKKAI		567	RACE COURSE CIRCLE - RAJKOT
	214	PERUNDURAI		568	MORVI
	215	VELLORE		569	BHUJ
	216	THIRUVANNAMALAI		570	RAJKOT MAIN
Coimbatore	217	COIMBATORE MAIN		571	JUNAGADH
	218	TIRUPUR SSI		572	JETPUR
	219	COIMBATORE - SSI		573	KALAWAD ROAD
	220	SOMANUR		574	BHAVNAGAR MAIN
	221	COONOOR		575	JAMNAGAR MAIN
	222	THIRUCHIRAPALLY	Mehsana	576	GANDHI NAGAR
	223	R S PURAM		577	MEHSANA MAIN
	224	PALLADUM		578	BAYAD
	225	SULUR		579	KALOL

	226	GANDHIPURAM		580	PATAN
Kozhikode	227	THRISSUR		581	RADHANPUR
	228	KOZHIKODE		582	SHRI AMIRGARH
	229	KANNUR		583	VIJAPUR
	230	CHALAKUDY		584	ZUNDAL
	231	IRINJALAKUDA		585	SIDHPUR
	232	KASARGODE	Pune	586	KASARWADI - PUNE
	233	KUNNAMKULAM		587	PUNE - SSI
	234	PETTA		588	KARVE ROAD
	235	THALASSERY		589	TILAK ROAD PUNE
	236	PALAKKAD		590	PUNE CAMP
Ernakulam	237	ERNAKULAM MAIN		591	F C ROAD
	238	PANAMPALLY NAGAR - ERNAKULAM		592	KIRKEE
	239	PERUMBAVOOR		593	AGRI. MARKET YARD
	240	THRIKKAKARA		594	BHAVANI PETH
	241	KOOVAPPADY		595	PUNE CITY
	242	MANJUMMEL	Kolhapur	596	STATION ROAD - KOLHAPUR
	243	ALUVA		597	ICHALKARANJI MAIN
	244	MARINE DRIVE		598	LATUR
	245	KALAMASSERY		599	SANGLI MAIN
	246	EDAPPALLY		600	SOLAPUR MAIN
Trivandrum	247	THIRUVANANTHAPURAM MAIN		601	SOLAPUR CAMP
	248	KAZHAKUTTAM		602	UDGIR
	249	ALAPPUZHA		603	VITA
	250	KOLLAM (QUILON)		604	MAHABALESHWAR
	251	CHALAI BAZAR		605	MIRAJ
	252	PATTOM	Goa	606	PANAJI
	253	KOTTARAKARA		607	MARGOA
	254	KARMANA		608	RATNAGIRI
	255	MAVELIKARA		609	KUDAL
	256	KOLLAM CIVIL STATION		610	VASCO
Kottayam	257	KOTTAYAM MAIN		611	MAPUSA
	258	THODUPUZA		612	SAWANTWADI
	259	NAGAMPADAM		613	KANKAVLI
	260	ADIMALI		614	CHIPLUN
	261	ADOOR		615	PONDA
	262	RANNI	Nagpur	616	DHANTOLI - NAGPUR
	263	CHANGANCHERY		617	GANDHIBAGH NAGPUR MAIN

	264	THIRUVALLA		618	AMRAVATI
	265	KAZHANCHERY		619	CIVIL LINES,NAGPUR
	266	PATHANAMTHITTA		620	TELECOM NAGAR
Madurai	267	MADURAI MAIN		621	GOKULPETH
	268	TIRUNELVELI		622	AKOLA
	269	VADASSERY		623	GHAT ROAD
	270	KOCHADAI		624	WARDHMAN NAGAR
	271	SOUTH MASSI		625	YAVATMAL
	272	MARTHANDUM	Nasik	626	AURANGABAD MAIN
	273	THIRUTHANGAL		627	NASIK - SSI
	274	VIRDHUNAGAR		628	JALGAON
	275	PUDUKOTTAI		629	NASIK CITY
	276	TUTICORIN		630	NANDED
Bangalore	277	BANGALORE CANTONMENT		631	NEW USMANPURA, AURANGABAD
	278	GANDHI NAGAR BANGALORE		632	DHULE
	279	BANGALORE - SSI		633	PARBHANI
	280	AVENUE ROAD BANGALORE CITY		634	JALNA
	281	JAYANAGAR BANGALORE		635	BHUSAWAL
	282	VIJAYANAGAR BANGALORE		636	NANDURBAR
	283	RICHMOND TOWN	Mumbai South	637	PRINCESS STREET
	284	DOMLUR, BANGALORE		638	VEER NARIMAN ROAD
	285	C.T. STREET, BANGALORE		639	ABDUL REHMAN STREET
	286	RAJAJINAGAR, BANGALORE		640	SANT TUKARAM ROAD
Belgaum	287	BELGAUM (MAIN)		641	ZAVERI BAZAR - MUMBAI
	288	HUBLI MAIN		642	LOWER PAREL - MUMBAI
	289	BIJAPUR MAIN		643	MAHALAXMI - MUMBAI
	290	MUDHOL		644	BYCULLA - MUMBAI
	291	NEHRU NAGAR		645	KHAND BAZAR - MUMBAI
	292	RAICHUR		646	BHULESHWAR - MUMBAI
	293	BAGALKOT		647	MOHAMEDALI

					ROAD
	294	BIDAR		648	KALBADEVI - MUMBAI
	295	GULBARGA		649	OPERA HOUSE - MUMBAI
	296	DHARWAD		650	BAZARGATE STREET
Mangalore	297	HAMPANKATTA		651	BHAT BAZAR - MUMBAI
	298	MYSORE MAIN		652	DARUKHANA (REAY ROAD)
	299	RANNEBENNUR		653	MMO
	300	KUVEMPUNAGAR		654	HOME STREET
	301	UDUPI		655	MATUNGA EAST
	302	PADUVA MAROLI		656	TARDEO
	303	BOMMANAHALLY		657	DADAR
	304	CHIKAMAGALUR		658	MAZAGAON
	305	MADIKERI		659	MS MARG
	306	BYADAGI		660	CLARE ROAD
Hyderabad	307	HYDERABAD MAIN		661	MAHIM
	308	RAMKOTE HYDERABAD		662	NULL BAZAR
	309	R.P.ROAD, SECUNDERABAD	Mumbai North	663	VIKHROLI (WEST)
	310	HYDERABAD - SSI		664	KAPUR BAVDI
	311	BEGUMPET HYDERABAD		665	VASHI TURBHE (NAVI MUMBAI)
	312	SAIFABAD HYDERABAD		666	GHATKOPAR (EAST)
	313	JUBILEE HILLS		667	MAHAPE - NAVI MUMBAI
	314	SOMAJIGUDA		668	MULUND - MUMBAI
	315	BANJARA HILLS *		669	SION (EAST) - MUMBAI
	316	KAMALAPURI COLONY		670	POWAI (CORP & SME)
	317	RAILWAY STN. ROAD, SECUNDERABAD		671	BHIWANDI
	318	Dilsukhnagar		672	BHANDUP - MUMBAI
	319	BOWENPALLY		673	CHEMBUR (WEST)
	320	CHIKKADPALLY		674	PANVEL
	321	KURNOOL		675	THANE EAST
	322	KARIMNAGAR MAIN		676	THANE WEST
Vijaywada	323	LAKSHMIPURAM - GUNTUR		677	GHODBUNDER ROAD
	324	TANUKU		678	HIRANANDANI GARDENS



	325	AUTONAGAR - SSI		679	KHARGAR
	326	BHIMAVARAM		680	GARODIA NAGAR
	327	VIJAYAWADA MAIN		681	KURLA
	328	GUNTUR MAIN	Mumbai West	682	ANDHERI(EAST) - MUMBAI
	329	LABBIPET		683	SANTACRUZ (WEST)
	330	PATTABHIPURAM		684	BANDRA HILL ROAD
	331	TADEPALLIGUDEM		685	GOREGAON (EAST) SSI
	332	KHAMMAM		686	DAHISAR (EAST) - MUMBAI
	333	ELURU		687	BOISAR
	334	GOVERNORPETH		688	MALAD (WEST) - MUMBAI
Nellore	335	ONGOLE		689	VILE PARLE (EAST)
	336	NELLORE		690	OVERSEAS SEEPZ
	337	TIRUPATHI MAIN		691	BORRIVALI (W)
	338	STONEHOUSEPET		692	TURNER ROAD
	339	KURNOOL ROAD		693	VILLE PARLE (W)
	340	CHITTOOR		694	SAKINAKA
	341	SRINIVASAM		695	JUHU TARA
	342	KADAPA		696	KANDIVLI (W)
	343	GUDUR		697	DR. AMBEDKAR ROAD
	344	MADANAPALLI		698	GOREGAON WEST
Vizag	345	M.V.P. COLONY - VIZAG		699	LOKHANDWALA
	346	VISAKHAPATNAM - SSI		700	MALAD EAST
	347	RAJAHMUNDRY			
	348	SRIKAKULAM			
	349	BHANUGUDI			
	350	VISAKAPATNAM (M)			
	351	VIZIANAGARAM			
	352	DANVAIPETH			
	353	KAKINADA MAIN			
	354	GOPALAPATNAM			

**Relief and Concessions, Which Can Be Extended To Potentially Viable Sick MSE Units under Rehabilitation**

The viability and the rehabilitation of a sick unit would depend primarily on the unit's ability to continue to service its repayment obligations including the past-restructured debts. It is therefore; essential to ensure that ordinarily there is no write-off or scaling down of debt such as by reduction in rate of interest with retrospective effect except to the extent indicated in the guidelines. The guidelines on various parameters on reliefs and concessions are given below:

**i) Interest Dues on Cash Credit and Term Loan**

If penal rate of interest or damages have been charged, such charges should be waived from the accounting year of the unit in which it is started incurring cash losses continuously. After this is done, the unpaid interest on term loans and cash credit during this period should be segregated from the total liability and funded. No interest may be charged on funded interest and repayment of such funded interest should be made within a period not exceeding three years from the date of commencement of implementation of the rehabilitation programme.

**ii) Unadjusted Interest Dues**

Unadjusted interest dues such as interest charged between the date up to which rehabilitation package was prepared and the date from" which actually implemented, may also be funded on the same terms as at (i) above.

**iii) Term Loans**

The rate of interest on term loans may be reduced, where considered necessary, by not more than three percent in the case of tiny/ decentralized sector units and by not more than two percent for other MSE units, below the document rate.

**iv) Working Capital Term Loan (WCTL)**

After the unadjusted interest portion of the cash credit account is segregated as indicated at (i) and (ii) above, the balance representing principal dues-may be treated as irregular to the extent it exceeds drawing power. This amount may be funded as Working Capital Term Loan (WCTL) with a repayment schedule not exceeding 5 years. The rate of interest applicable may be 1.5% to 3% points below the prevailing fixed rate/ prime lending rate, wherever applicable, to all sick MSE units including tiny and decentralized units.

**v) Cash Losses**

- a) Cash losses are likely to be incurred in the initial stages of the rehabilitation programme till the unit reaches the break-even Level. Such cash losses excluding

interest as may be incurred during the nursing programme may also be financed by the bank or the financial institution, if only one of them is the financier.

- b) If both Bank and FI are involved in the rehabilitation package, the financial institution concerned should finance such cash losses.
- c) Interest may be charged on the funded amount at the rates prescribed by SIDBI under its scheme for rehabilitation assistance
- d) Future cash Losses in this context will refer to losses from the time of implementation of the package up to the point of cash breakeven as projected. Future cash losses as above should be worked out before interest (i.e. after excluding interest) on working capital etc. due to the banks and should be financed by the financial institutions if it is one of the financiers of the unit. In other words, the financial institutions should not be asked to provide for interest due to the banks in the computation of future cash losses and this should be taken care of by future cash accruals.
- e) The interest due should be funded by it separately. Where, however, bank alone is the financier, the future cash losses including interest will be financed.
- f) The interest on the funded amounts of cash losses/ interest will be at the rates prescribed by Small Industries Development Bank of India under its scheme for rehabilitation assistance.

**vi) Working Capital**

Interest on working capital may be charged at 1.5% below the prevailing fixed/ prime lending rate wherever applicable. Additional working capital limits may be extended at a rate not exceeding the PLR.

**vii) Contingency Loan Assistance**

For meeting escalations in capital expenditure to be incurred under the rehabilitation programme, where considered necessary, appropriate additional financial assistance up to 15 percent of the estimated cost of rehabilitation byway of contingency loan assistance may be provided. Interest on this contingency assistance may be charged at the concessional rate allowed for working capital assistance.

**viii) Funds for Start-up Expenses and margin for Working Capital**

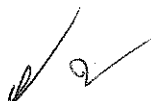
There will be need to provide the unit under rehabilitation with funds for start-up expenses (including payment of pressing creditors) or margin money for working capital in the form of long-term loans. Where a financial institution is not involved, bank may provide the loan for start-up expenses, while margin money assistance may either come from SIDBI under its Refinance Scheme for Rehabilitation or should be provided by State Government where it is operating a Margin Money Scheme. Interest on fresh rehabilitation term loan may be charged at a rate 1.5% below the prevailing fixed / prime lending rate wherever applicable or as prescribed by SIDBI/ NABARD where refinance is obtained from it for the purpose.

All interest rate concessions would be subject to annual review depending on the performance of the units.

ix) Promoters' contribution

As per the extant RBI guidelines promoters' contribution towards the rehabilitation package is fixed at:

- A minimum of 10 percent of the additional long-term requirements under the rehabilitation package in the case of tiny sector units.
- 15 percent of such requirements for other units
- In case of units in the decentralized sector, promoter's contribution may not be insisted upon.
- It is open to Banks/ FIs to stipulate higher promoter's/ contribution where warranted.
- At least 50% of the promoters' contribution should be brought in immediately and the balance within six months
- For arriving at promoters' contribution, the monetary value of the sacrifices forms banks; financial institutions and Government may be taken into account in addition to the long-term requirement of funds under the rehabilitation package.
- While evolving packages, it should be made a precondition that the promoters should bring in their contribution within the stipulated time frame
- Further, in regard to concessions and relief made available to sick units, banks should incorporate a "Right of Recompense" clause in the sanction letter and other documents to the effect that when such units turn the corner and rehabilitation is successfully completed, the sacrifices undertaken should be recouped from the units out of their future profits/ cash accruals.



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APPLICATION FORM FOR MSEs

To be submitted along with documents as per the checklist

(For Office Use)

1 NAME OF THE  
ENTERPRISE

2 REGD. OFFICE  
ADDRESS:

3 ADDRESS OF FACTORY/  
SHOP:

4 WHETHER BELONGS TO  
SC/ST/ OBC/MINORITY  
COMMUNITY:

Telephone  
Nos. (Office)  
Mobile No


Email  
Address:


PAN Card No:

--

5 CONSTITUTION: Proprietary/ Partnership firm/ Pvt. Ltd/ Ltd. Company/Co-op Society

6 DATE OF  
ESTABLISHMENT:

7. NAME OF THE PROPRIETOR/ PARTNERS/ DIRECTORS OF COMPANY AND THEIR ADDRESSES:

Name	Age	Academic Qualifications	Residential Address	Telephone No. (Residence)	Experience in the line of activity

8. ACTIVITY:

Existing:

Proposed (#):

# If a different activity other than existing activity is proposed


9. NAME OF ASSOCIATE CONCERNS AND NATURE OF ASSOCIATES

Name of Associate Concern	Addresses of Associate Concern	Presently Banking with	Nature of Association	Extent of interest as a Prop./ Partner/ Director or just investor in Associate Concern

10. Relationship of Proprietor/ Partner/ Director with the officials of the Bank/ Director of the Bank:

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10(a) CREDIT FACILITIES (EXISTING):

(Rs. in lacs)

Type of Facilities	Limit (in lacs)	Outstanding as on.....	Presently banking with	Security Lodged	Rate of Interest	Repayment terms
Current Account						
Cash Credit						
Term Loan						
LC/ BG						
If Banking with this Bank, customer No. to be given here						

10 (b) It is certified that our unit has not availed any loan from any other Bank/ Financial Institution in the past and I am not indebted to any other Bank/ Financial Institution other than those mentioned in 10 (a) above.

*[Handwritten signature]*

# 11. CREDIT FACILITIES (PROPOSED):

Type of Facilities	Amount (in lacs)	Purpose for which required	Security	
			Primary Security (Details with approx. Value to be mentioned)	Whether Collateral Security offered (Please mention yes or no) (If yes, then provide details in column 12)
Cash Credit				
Term Loan				
LC/ BG				

In case of term loan requirements, the details of machinery may be given as under:

Type of Machine	Purpose for which required	Whether imported or indigenous	Name of supplier	Total cost of machine (in case of imported machine, the breakup of basic cost, freight, insurance and customs duty may be given)	Contribution being made by the promoters	Loan required

# 12 Details of Collateral Security offered, if any, including 3<sup>rd</sup> party guarantee\*

(\*As per RBI guidelines banks are not to take collateral security for loans upto Rs.10 lakhs to MSME Units)

# 13 PAST PERFORMANCE/ FUTURE ESTIMATES (Actual performance for previous years, estimates for current year and projections for next year to be provided for working capital facilities. However for term loan facilities projections to be provided till the proposed year of repayment of loan):

(Rs. in lacs)	Past Year-II (Actual)	Past Year-I (Actual)	Present Year (Estimate)	Next Year (Projection)
Net Sales				
Net Profit				
Capital (Net worth in case of companies)				

*Handwritten signature/initials*

14 Status regarding Statutory Obligations:

Statutory Obligation	Whether Complied with (write Yes/ No). If Not Applicable then write N.A.	Remarks (Any details in connection with the relevant obligation to be given)
1. Registration under Shops and Establishment Act		
2. Registration under MSE (Provisional/ Final)		
3. Drug License		
4. Latest Sales tax return filed		
5. Latest Income tax returns filed		
6. Any other statutory dues remaining outstanding		

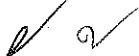
15

SPACE FOR PHOTO	SPACE FOR PHOTO	SPACE FOR PHOTO
SIGNATURES OF PROPRIETOR/ PARTNER/ DIRECTOR WHOSE PHOTO IS AFFIXED ABOVE		
<p>Only one photo of proprietor/ each partner/ each working Director is required to be affixed. Each photo will be certified/ attested by the Branch Team with name and signatures on the photograph with Branch stamp. The concerned staff will put his name below the signatures.</p>		

16 Date:

Place:

I/ We certify that all information furnished by me/ us is true; that I/ We have no borrowing arrangements for the unit except as indicated in the application; that there is no overdue/ statutory dues against me/us/promoters except as indicated in the application; that no legal action has been/ is being taken against me/us/promoters; that I/We shall furnish all other information that may be required by you in connection with my/ our application that this may also be exchanged by you with any agency you may deemed fit and you, your representatives, representatives of the Reserve Bank of India or any other agency as authorised by you, may, at any time, inspect/verify my/our assets, books of accounts etc in our factory/ business premises as given above.





**Documents attached:**

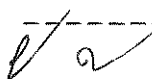
**I/We have attached the copies of the following supporting documents (put a ✓ wherever applicable)**

- ☐ Proof of identity- Voter's ID card/ Passport/ driving licence/ PAN card/ signature identification from present bankers of proprietor, partner or Director (if a company)
- ☐ Proof of residence - Recent telephone bills, electricity bill, property tax receipt/ passport/ voter's ID card of proprietor, partner or Director (if a company)
- ☐ Proof of business property
- ☐ Proof of Minority
- ☐ MSE registration if applicable
- ☐ Last three years' Balance Sheets of the units along with income tax/ sales tax returns etc (applicable for all cases from Rs. 2 lacs and above). However, for cases below fund based limit of Rs. 25 lacs if audited balance sheets are not available, then unaudited balance sheets are also acceptable as per extant instructions of the bank. For cases of Rs. 25 lacs and above, the audited balance sheets are necessary.
- ☐ Projected balance sheets for the next two years in case of working capital limits and for the period of the loan in case of term loan (for all cases of Rs. 2 lacs and above)
- ☐ Passport size photograph/s of the applicant/s
- ☐ Application form
- ☐ Credit information
- ☐ Any other document (Please specify)

**Date:**

**Place:**

**Applicant's Signature**



UNION BANK OF INDIA  
\_\_\_\_\_Branch

Applicant Inward No. \_\_\_\_\_

ACKNOWLEDGEMENT

Received from Mr./Ms. \_\_\_\_\_ application dated \_\_\_\_\_ for  
Rs. \_\_\_\_\_ under Financing to Micro & Small Enterprises (MSEs).

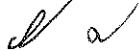
Additional details/ requirements to be submitted:

- 1)
- 2)
- 3)

Date:

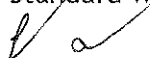
Signature of Branch Manager  
with seal

Place:



**CHECKLIST (TO BE GIVEN TO THE NEW CUSTOMERS BY BRANCH) OF DATA TO BE KEPT  
READY BY THE CUSTOMER**

1. Proof of identity- Voter's ID card/ Passport/ driving licence/ PAN card/ signature identification from present bankers of proprietor, partner or Director (if a company)
2. Proof of residence - Recent telephone bills, electricity bill, property tax receipt/ passport/ voter's ID card of proprietor, partner or Director (if a company)
3. Proof of business property
4. Proof of Minority
5. \* Last three years balance sheets of the units along with income tax/ sales tax returns etc. (Applicable for all cases from Rs. 2 lacs and above). However, for cases below fund based limit of Rs. 25 lacs if audited balance sheets are not available, then unaudited balance sheets are also acceptable as per extant instructions of the bank. For cases of Rs. 25 lacs and above, the audited balance sheets are necessary.
6. \*Memorandum and articles of association of the Company/ Partnership Deed of partners etc
7. \* Assets and liabilities statement of promoters and guarantors along with latest income tax returns.
8. \* Rent Agreement (if business on rent) and clearance from pollution control board if applicable.
9. \*MSE registration if applicable
10. \*Projected balance sheets for the next two years in case of working capital limits and for the period of the loan in case of term loan (for all cases of Rs. 2 lacs and above).
11. \*In case of takeover of advances, sanction letters of facilities being availed from existing bankers/ Financial Institutions along with detailed terms and conditions.
12. \*Profile of the unit (includes name of promoters, other directors in the company, the activity being undertaken, addresses of all offices and plants, shareholding pattern etc. (Applicable for cases with exposure above Rs. 25 lacs).
13. \*Last three years balance sheets of the Associate/ Group Companies (if any) (Applicable for cases with exposure above Rs. 25 lacs).
14. \*Project Report (for the proposed project if term funding is required) containing details of the machinery to be acquired, from whom to be acquired, price, names of suppliers, financial details like capacity of machines, capacity utilization assumed, production, sales, projected profit and loss and balance sheets for the next 7 to 8 years till the proposed loan is to be paid, the details of labour, staff to be hired, basis of assumption of such financial details etc. (Applicable for cases with exposure above Rs. 25 lacs).
15. \*Review of account containing monthwise sales (quantity and value both), production (quantity and value), indigenous raw material (quantity and value), value of stocks in progress, finished goods (quantity and value), debtors, creditors, bank's outstandings for working capital limits, term loan limits, bills discounted. (Applicable for cases with exposure above Rs. 25 lacs).
16. \*Photocopies of lease deeds/ title deeds of all properties being offered as primary and collateral securities.
17. \*Position of accounts from the existing bankers and confirmation about the asset being Standard with them (in case of takeover).



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**Major Changes in MSE Policy 2014-15**

Annexure VIII - MSE Policy 2014-15

Para No	Subject	Existing Provision	Proposed	Justification
6.4	Specialised MSME Branches	Presently, there are 350 BBBs with special focus on extending finance and other services to MSME Sector and have the operational flexibility to extend finance/render other services to other sectors/ borrowers.	Presently, there are 700 BBBs with special focus on extending finance and other services to MSME Sector and have the operational flexibility to extend finance/render other services to other sectors/ borrowers.	Identification of new BBBs for focusing growth on MSME advances as per Information Circular 11906 dated 25.10.2013
6.5	Rehabilitation of Sick MSE Units	Existing provisions	Additional -  MSE Rehabilitation Cells have been established at Regional Offices for sick Micro and Small Enterprises (IC no.9839 dated 25.02.2014) for monitoring / identification of sick units / incipient sickness, conducting viability study, etc.	As per RBI directives
6.9	Prime Minister's Task Force on Micro & Small Enterprises -	New Cluster specific Schemes are designed in the lead districts of Varanasi & Bhadohi, and in different regions on pan India basis. At present 35 clusters Specific Schemes are approved which are mentioned in Annexure II.	As a part of Business Strategy, Bank is formulating cluster Specific Schemes for various MSE clusters located in different parts of the country to boost credit growth in this sector. So far, Bank has framed 37 cluster specific schemes as detailed in Annexure II and shall continue to formulate more cluster specific schemes to harness the untapped potential of this sector.	For achieving MSE credit growth as per Prime Minister's Task Force recommendations

8.4	Establishment of Centralized Processing Centers- SARALS-	At present SARALs are established at 19 major centers attached to Regional Offices	At present SARALs are established at 20 major centers attached to Regional Offices	20 <sup>th</sup> SARAL opened in Varanasi										
8.4	SARALS -	<p>For the benefit of field functionaries for immediate reference, the modifications in the existing work flow/structure of SARALs are provided as Annexure III.</p> <p>At present SARALs are established at 20 major centers attached to Regional Offices and are headed by experienced executives with adequate delegated authority for sanction of MSE advances.</p>	This paragraph and the list of present SARALs is removed as the concept of revamped SARAL is introduced vide IC no.9933 dated 02.05.2014.											
8.5	Remodeled SARALs	<p>Currently, re-modeled SARAL has been implemented in following four regions and planned to implement the model in remaining regions in the year 2013-14.</p> <table><tr><td>Name of RO</td><td>Date of</td></tr><tr><td>Mumbai (S)</td><td>23.10.2012</td></tr><tr><td>Hyderabad</td><td>22.01.2013</td></tr><tr><td>Delhi (N)</td><td>01.02.2013</td></tr><tr><td>Bangalore</td><td>18.02.2013</td></tr></table>	Name of RO	Date of	Mumbai (S)	23.10.2012	Hyderabad	22.01.2013	Delhi (N)	01.02.2013	Bangalore	18.02.2013	The concept of Remodeled SARALs has been withdrawn and revised guidelines for revamping of SARALs / remodeled SARALs are issued vide IC no.9933 dated 02.05.2014.	
Name of RO	Date of													
Mumbai (S)	23.10.2012													
Hyderabad	22.01.2013													
Delhi (N)	01.02.2013													
Bangalore	18.02.2013													
8.6	Revamping of SARALs:	---	Revised guidelines in detail to streamline the functioning of SARALs incorporated in the policy. Details vide IC no.9933 dated 02.05.2014.											

9.4	Loans under TUF Scheme:-	The scheme for the textiles and jute industries under TUFs (Restructured Technology Upgradation Fund Scheme of Ministry of Textiles, Govt. of India) was in operation with effect from 28.04.2011 to 31.03.2012. The salient features of the scheme are circulated vide our IC No. 8947 dated 30.04.2011.	Additional - The Government has approved extension of TUFs scheme for the 12 <sup>th</sup> Plan period under the name - Revised Restructured - TUFs (RR-TUFs) and guidelines are circulated vide IC no.9749 dated 26.11.2013.	Revision in government guidelines for TUFs
10.1	Risk Rating	Existing Provisions	<p>Additional -</p> <p>Besides internally developed rating models, Bank has implemented CRISIL RAM Asset Class wise rating models for decision making and pricing as well. Accordingly, it has been decided that:</p> <ul style="list-style-type: none"> <li>UBI models will be used for doing the credit rating in respect of borrowers with aggregate exposure (FB limits + NFB limits) upto Rs.5.00 crores</li> <li>For borrowers with aggregate exposures (FB limits + NFB limits) above Rs.5.00 crores and in case of NBFCs, Banks, Commercial Real Estate and Capital markets exposures, irrespective of the exposure and exposure to SMEs with turnover of Rs.25 crores and above, the CRISIL RAM rating models will be used.</li> </ul> <p>However, the hurdle rate for take over accounts shall be CR-4. The hurdle rate for borrowers under CRISIL RAM rating models will be UBI-5 for new borrowers and UBI-4 for take over accounts. The pricing will also be as per the above rating grades as per extant instruction circulars on interest rates.</p>	Extant guidelines updated

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16.1.	MOU with External Credit Rating Agencies -	Bank has approved and executed MOUs with SME rating Agency SMERA, CRISIL, CARE, ICRA, ONICRA and Brickwork Ratings India Pvt. Ltd. for external credit rating of the SMEs.	Bank has approved and executed MOUs with SME rating Agency SMERA, CRISIL, CARE, ICRA and ONICRA for external credit rating of the SMEs.	Subscription with Brickwork Rating has not been renewed															
18.1	Credit Guarantee Scheme	Credit facility of above Rs.100.00 lacs can also be covered, but guarantee coverage will be for Rs.100.00 lacs (maximum claim will be limited to Rs.62.50/65.00 lacs). In such case, no collateral security/third party guarantee shall be obtained by the bank for credit facility above Rs.100 lacs.	Credit facility of above Rs.100.00 lacs can also be covered, but guarantee coverage will be for Rs.100.00 lacs (50% of the amount in default subject to maximum of Rs.50.00 lacs). In such case, no collateral security/third party guarantee shall be obtained by the bank for credit facility above Rs.100 lacs.																
18.2	CGS-Extent of Guarantee Cover	<table><tr><th rowspan="2">Borrower Category</th><th colspan="2">Maximum Guarantee Cover, Where credit facility is Above Rs.50 lacs upto Rs.100 Lacs</th></tr><tr><th>Existing provisions</th><th>Revised provisions</th></tr><tr><td>Micro Enterprises</td><td>₹ 37.50 lacs plus 50% of amount in default above ₹ 50 lacs subject to overall ceiling of ₹ 62.50 lacs</td><td>50% of the amount in default subject to a maximum of ₹ 50.00 lacs</td></tr><tr><td>Women Entrepreneurs/ Units located in North East Region (incl. Sikkim) - Other than credit facility upto Rs.5 lacs to Micro Ent.</td><td>₹ 40 lacs plus 50% of amount in default above ₹ 50 lacs subject to overall ceiling of ₹65 lacs</td><td>50% of the amount in default subject to a maximum of ₹ 50.00 lacs</td></tr><tr><td>All other category of borrowers</td><td>₹37.50 lacs plus 50% of amount in default above ₹50 lacs subject to overall ceiling of ₹ 62.50 lacs</td><td>50% of the amount in default subject to a maximum of ₹ 50.00 lacs</td></tr></table>			Borrower Category	Maximum Guarantee Cover, Where credit facility is Above Rs.50 lacs upto Rs.100 Lacs		Existing provisions	Revised provisions	Micro Enterprises	₹ 37.50 lacs plus 50% of amount in default above ₹ 50 lacs subject to overall ceiling of ₹ 62.50 lacs	50% of the amount in default subject to a maximum of ₹ 50.00 lacs	Women Entrepreneurs/ Units located in North East Region (incl. Sikkim) - Other than credit facility upto Rs.5 lacs to Micro Ent.	₹ 40 lacs plus 50% of amount in default above ₹ 50 lacs subject to overall ceiling of ₹65 lacs	50% of the amount in default subject to a maximum of ₹ 50.00 lacs	All other category of borrowers	₹37.50 lacs plus 50% of amount in default above ₹50 lacs subject to overall ceiling of ₹ 62.50 lacs	50% of the amount in default subject to a maximum of ₹ 50.00 lacs	Revised CGTMSE guidelines as per IC no.9798 dated 06.01.2014
Borrower Category	Maximum Guarantee Cover, Where credit facility is Above Rs.50 lacs upto Rs.100 Lacs																		
	Existing provisions	Revised provisions																	
Micro Enterprises	₹ 37.50 lacs plus 50% of amount in default above ₹ 50 lacs subject to overall ceiling of ₹ 62.50 lacs	50% of the amount in default subject to a maximum of ₹ 50.00 lacs																	
Women Entrepreneurs/ Units located in North East Region (incl. Sikkim) - Other than credit facility upto Rs.5 lacs to Micro Ent.	₹ 40 lacs plus 50% of amount in default above ₹ 50 lacs subject to overall ceiling of ₹65 lacs	50% of the amount in default subject to a maximum of ₹ 50.00 lacs																	
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